

2181

RECEIVED
LEGISLATIVE AUDITOR

2007 JAN 11 PM 3: 03

CITY OF KENNER, LOUISIANA

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Year Ended June 30, 2006

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1-31-07

Submitted by:

Department of Finance

DUKE P. McCONNELL, CPA
Chief Financial Officer

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal	1 - 4
GFOA Certificate of Achievement for Excellence in Financial Reporting.....	5
Selected Officials of the City of Kenner	6
Organizational Chart of the City of Kenner	7
Map of the City of Kenner	8
FINANCIAL SECTION	
INDEPENDENT AUDITOR'S REPORT	9 - 10
REQUIRED SUPPLEMENTARY INFORMATION - PART I	
Management's Discussion and Analysis	11 - 17
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements:	
Statement of Net Assets.....	18
Statement of Activities.....	19
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	20 - 21
Reconciliation of the Balance Sheet to the Statement of Net Assets	22
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	23 - 24
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	25
Proprietary Funds:	
Statement of Net Assets.....	26 - 27
Statement of Revenues, Expenses and Changes in Net Assets.....	28
Statement of Cash Flows	29 - 30

TABLE OF CONTENTS (CONTINUED)

	<u>Page</u>
FINANCIAL SECTION (CONTINUED)	
Fiduciary Fund:	
Statement of Assets and Liabilities	31
Notes to the Financial Statements	32 - 60
REQUIRED SUPPLEMENTARY INFORMATION - PART II	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	61
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - One Percent Sales Tax of 1984 Fund	62
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Garbage Collection and Disposal	63
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Fire Protection Fund	64
OTHER SUPPLEMENTARY INFORMATION	
Governmental Funds:	
Nonmajor Fund Descriptions	65
Combining Balance Sheet - Nonmajor Governmental Funds	66 - 67
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	68 - 69
Schedule of Revenues - Budget and Actual - General Fund	70 - 71
Schedule of Expenditures - Budget and Actual - General Fund	72 - 73
Combining Schedule of Departmental Expenditures - Budget and Actual - General Fund	
General Government Function	74 - 77
Public Safety Function	78 - 79
Public Works Function	80 - 81
Health and Welfare Function	82 - 84
Culture and Recreation Function	85 - 87
Transit Function	88

TABLE OF CONTENTS (CONTINUED)

	<u>Page</u>
FINANCIAL SECTION (CONTINUED)	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Community Development Block Grant Fund.....	89
Schedule of Expenditures - Budget and Actual - Community Development Block Grant Fund	90
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Roads and Bridges Fund	91
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Street Lighting Fund	92
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Ad Valorem Tax Bonds Fund	93
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Firemen's Pension Merger Fund	94
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Debt Fund	95
Proprietary Funds:	
Schedule of Revenues, Expenses and Changes in Net Assets Budget and Actual - Wastewater Operations	96
Schedule of Revenues, Expenses and Changes in Net Assets Budget and Actual - Civic Center Operations.....	97
Internal Service Funds:	
Internal Service Fund Descriptions	98
Combining Statement of Net Assets	99
Combining Statement of Revenues, Expenses, and Changes in Net Assets	100
Combining Statement of Cash Flows.....	101 - 102
Agency Fund:	
Agency Fund Description	103
Statement of Changes in Assets and Liabilities.....	104

TABLE OF CONTENTS (CONTINUED)

STATISTICAL SECTION	<u>Page</u>
Financial Trends	106 - 110
Revenue Capacity	111 - 115
Debt Capacity	116 - 120
Demographic and Economic Information	121 - 122
Operating Information	123 - 125
SINGLE AUDIT SECTION	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	126 - 127
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	128 - 129
Schedule of Expenditures of Federal Awards	130 - 131
Notes to Schedule of Expenditures of Federal Awards	132
Schedule of Findings and Questioned Costs	133 - 134
Summary Schedule of Prior Audit Findings	135

INTRODUCTORY SECTION

CITY OF KENNER

DEPARTMENT OF FINANCE

EDMOND J. "ED" MUNIZ
MAYOR

DUKE P. MCCONNELL
CHIEF FINANCIAL OFFICER

December 29, 2006

Honorable Mayor and City Councilpersons
City of Kenner, Louisiana
1801 Williams Boulevard
Kenner, Louisiana 70062

The Comprehensive Annual Financial Report of the City of Kenner, Louisiana, for the fiscal year-ended June 30, 2006 is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and operating activities of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the most recent GFOA Certificate, the City's organizational chart, a list of principal officials and a map of the City. The financial section includes management's discussion and analysis, basic financial statements, required supplemental information and other supplemental information, as well as the auditor's report. The statistical section includes selected financial and demographic information, generally presented on a multiyear basis.

The City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations". Information related to this single audit, including the Schedule of Expenditures of Federal Awards, findings and questioned costs, and auditor's reports on compliance and on internal controls, are included in the single audit section of this report.

CITY OF KENNER

The City is the largest incorporated area in Jefferson Parish, a suburban parish (county) in the New Orleans Standard Metropolitan Statistical Area. It is bounded on the north by Lake Pontchartrain, on the south by the Mississippi River, on the east by unincorporated Jefferson Parish, and on the west by St. Charles Parish. The map of the City which is enclosed in this Introductory Section reflects a total area of approximately 15 square miles. Since 1946, the City has contained the site for the New Orleans International Airport.

Major industries located within the City's boundaries or in close proximity include retail, air carriers, gaming, telephone, energy and telecommunications providers, and manufacturing.

REPORTING ENTITY AND ITS SERVICES

The City is a unit of general local government under the Census Bureau's criteria. It is a home rule charter city incorporated under the constitution and laws of the State of Louisiana on July 1, 1974. A seven person council and an elected mayor govern the City, as reflected in the organizational chart of the City's administrative departments included in this introductory section. The City's department directors with the exception of the Police Department, which is governed by an elected chief, report to the Chief Administrative Officer who in turn reports directly to the Mayor.

1801 WILLIAMS BOULEVARD - BUILDING A, SUITE 106 - KENNER, LOUISIANA 70062 - OFFICE 504-468-4049 - FACSIMILE 504-468-6632

WWW.KENNER.LA.US - FINANCE@KENNER.LA.US

This report includes government-wide financial statements and fund financial statements of the City. The City provides a full range of services. These services include police and fire protection; sanitation services; the construction and maintenance of highways, streets, and infrastructure; recreational activities and cultural events. As required by generally accepted accounting principles, the financial statements of the reporting entity present the primary government (the City) and any component units. Component units are defined as legally separate organizations for which the City is financially accountable. The criteria used in determining whether financial accountability exists include the appointment of a voting majority of an organization's governing board, the ability of the primary government to impose its will on that organization or whether there is a potential for the organization to provide specific financial benefits or burdens to the primary government. Fiscal dependency may also play a part in determining financial accountability. In addition, a component unit can be another organization for which the nature and significance of its relationship with the primary government (the City) is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The City has no component units currently.

THE REPORT FORM

The authoritative promulgations by the Governmental Accounting Standards Board (GASB) were applied in the preparation of this report.

Users of the Comprehensive Annual Financial Report should also refer to the narrative introduction, overview, and analysis found in the Management's Discussion and Analysis (MD&A) in the financial section of the Comprehensive Annual Financial Report.

FINANCIAL INFORMATION

Internal Accounting Control

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Single Audit

As a recipient of federal, state and parish financial assistance, the City also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management. I believe that the City's internal control structure adequately safeguards assets and provides reasonable assurance of proper recording of financial transactions.

As a part of the City's single audit, described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the City has complied with applicable laws and regulations. The results of the City's single audit for the fiscal year-ended June 30, 2006 are included in the Single Audit Section of this report.

Budgetary Control

In addition, the government maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City's governing body. Activities of the General Fund, Special Revenue Funds, Debt Service Funds and Enterprise Funds are included in the annual appropriated budget. Project-length financial plans are adopted for the Capital Projects Funds. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is at the fund level, except for the General Fund which is at the departmental level. Any amendments to the total budgeted expenditures of a department require Council approval. The Mayor can approve changes to the budget within a department, as long as the total is not changed. The government also maintains an encumbrance accounting system as one technique of accomplishing budgetary control.

Besides comparing current year expenditures to the prior year, comparison to budget is of paramount importance in a government's financial reporting. The City Council annually adopts a budget for each governmental fund type (except capital projects are budgeted on a project basis) and proprietary type funds (except for the Internal Service Funds). Budgetary accounting is not used for the Self Insurance and Health Insurance Internal Service Funds because management considers effective budgetary control achieved since their amounts, which are charged back to other funds, are included as expenditures in each Fund's budget. Budgets are adopted by June 15 for the fiscal year which begins the following July 1. Revenues and expenditures are budgeted on the modified accrual or accrual basis as appropriate for the fund type. Encumbrances of the current year are recorded as obligations against budgeted appropriations and are included in the columns titled "budgetary" in the statements in the financial section of this report.

CASH MANAGEMENT

The City has a fiscal agent contract to handle its operating accounts. Transaction balances are kept in sweep accounts, where balances are swept into interest bearing accounts earning Federal Funds rates less 15 and 50 basis points, respectively and investable balances are kept in money market accounts. The City, however, still reserves the right to remove investable funds and invest them at other institutions. The balances in the money market accounts are reported on the balance sheet as "cash".

Funds being held as reserves on bonds and amounts being accumulated to pay principal and interest on bonds are held in trust accounts. The trustee invests the funds under the direction of the City.

Bond proceeds being used for construction are invested in federally sponsored entities for terms based on the draw down schedules of the projects. The investments are made using the services of a financial investment advisory company with which the City has an agreement to provide these services.

RISK MANAGEMENT

To account for and finance its uninsured risks of loss, the City has established a Self-Insurance Fund (an internal service fund). Under this program, the Self-Insurance Fund provides coverage for up to a maximum of \$250,000 for each general liability claim, with commercial insurance for claims in excess of coverage provided by the fund up to \$10,000,000; coverage for up to a maximum of \$250,000 for each auto liability claim, with commercial insurance for claims in excess of coverage provided by the fund up to \$10,000,000; and coverage for up to a maximum of \$300,000 for each worker's compensation claim, with commercial insurance for claims in excess of coverage provided by the fund up to \$1,000,000.

The Self-Insurance Fund also provides coverage for auto/physical damage which requires a \$1,000 deductible per department per occurrence. The remaining balance on the claim is paid by the Self-Insurance Fund.

LOCAL ECONOMY

The City of Kenner currently enjoys a favorable economic environment and local indicators point to continued prosperity. While hurricane Katrina caused significant damage and widespread flooding in August 2005, most businesses have reopened and most residents have returned to the City.

LONG-TERM FINANCIAL PLANNING

The City has applied for and has been approved for a special community disaster loan of \$5.2 million through the Federal Emergency Management Agency (FEMA) under the provisions of the Community Disaster Loan Act of 2005. This loan is intended to replace lost revenue due to the hurricane and has to be paid back within three years. The City has not drawn any funds on this loan at this time.

LEGAL COMPLIANCE

The Single Audit Act of 1984 (P. L. 98-502) and related 1996 Amendments requires reports by the Auditors on compliance and on the internal control over financial reporting in accordance with Government Auditing Standards, the City's compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133 and the Schedule of Expenditures of Federal Awards. These reports, along with the City management's responses to the non-compliance findings, are presented in the Single Audit Section of this report.

INDEPENDENT AUDIT

Louisiana municipalities not audited by the Legislative Auditor are required by La. R.S. 24:517 to have conducted annually an audit of their accounts by a certified public accountant. Moreover, the City Charter (Section 2:28) requires that the Council shall execute a contract each year with a certified public accountant or a firm of certified public accountants for an examination of the accounts of the City to include all funds appropriated by the Council. These requirements have been complied with and the opinion of the firm of Duplantier, Hrapmann, Hogan & Maher, L.L.P., Certified Public Accountants has been included in this report.

AWARDS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year-ended June 30, 2005. This was the eleventh consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENTS

The preparation of the Comprehensive Annual Financial Report on a timely basis was made possible by the dedicated service of the entire staff of the Finance Department. Each member of the department has my sincere appreciation for the contributions made in the preparation of this report.

I would also like to thank the staff at Duplantier, Hrapmann, Hogan & Maher, L.L.P., Certified Public Accountants, for their invaluable assistance in completing this Comprehensive Annual Financial Report of the City of Kenner.

In closing, without the leadership and support of the Mayor, the Chief of Staff, the Chief Administrative Officer and the City Council, preparation of this report would not have been possible.

Sincerely,



DUKE P. McCONNELL, CPA
Chief Financial Officer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Kenner
Louisiana

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

CURRENT SELECTED OFFICIALS OF THE CITY OF KENNER

CITY COUNCIL

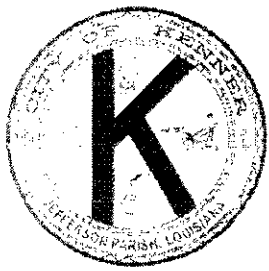
Councilwoman at Large	Michele Branigan
Councilwoman at Large	Jeannie Black
District No. 1	Marc Johnson
District No. 2	Joseph Stagni
District No. 3	Ben Zahn
District No. 4	Maria DeFrancesch
District No. 5	Kent Denapolis

EXECUTIVE STAFF

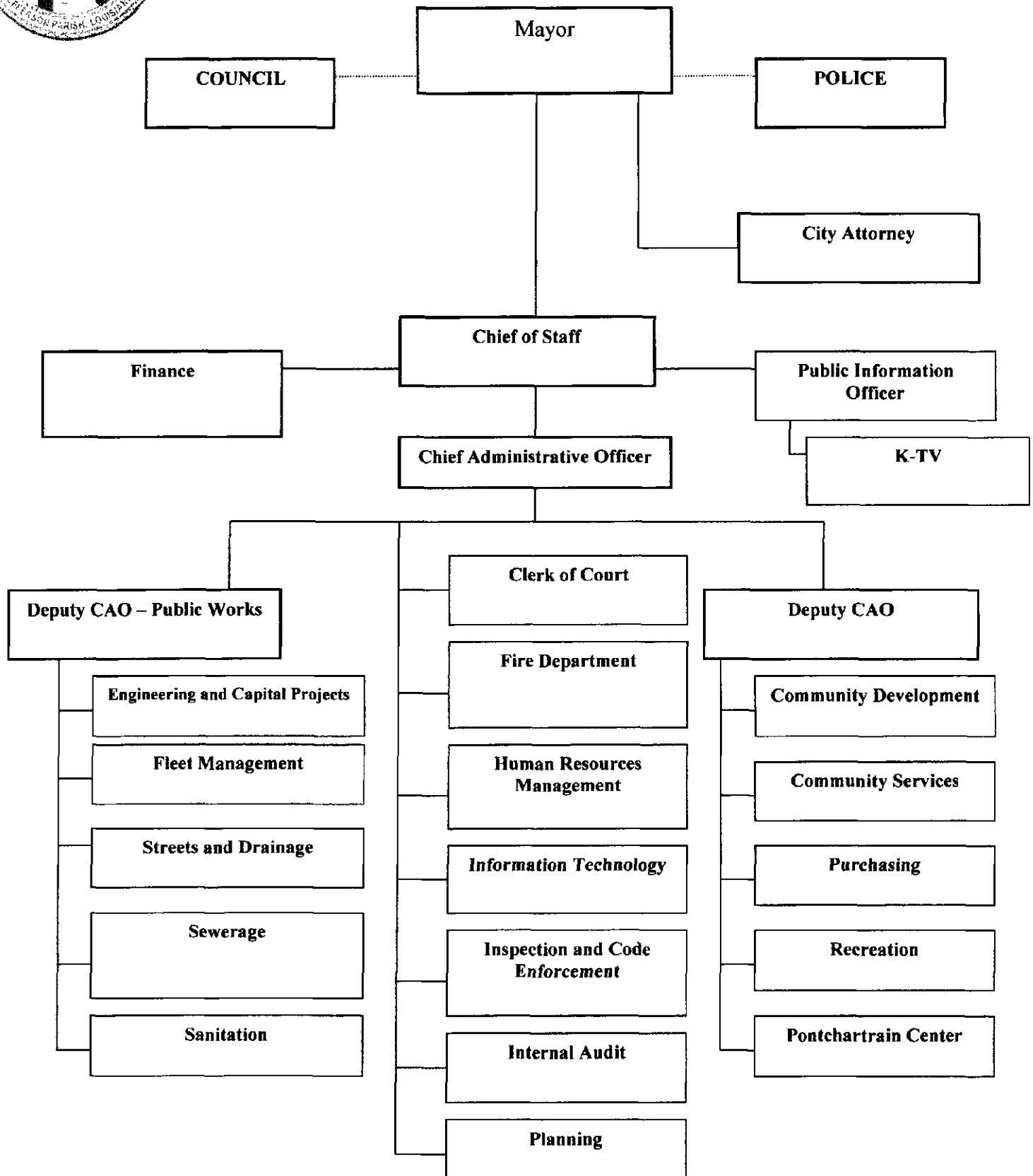
Mayor	Honorable Edmond J. "Ed" Muniz
Chief of Staff	Michael Yenni
Chief of Police	Steve Caraway
City Attorney	James Cannella
Deputy Chief Administrative Officer	Mike Quigley
Deputy Chief Administrative Officer-Public Works	Prat Reddy
Chief Financial Officer	Duke McConnell

DEPARTMENT HEADS

Inspection and Code Enforcement	Keith Chiro
Community Development	Alreeta Terrell
Community Services	Mary Sharon Howland
Parks and Recreation	Ken Marroccoli
Human Resources	Beverly Nicolosi
Planning	Jay Hebert
Purchasing	Landon Allen
Fire Chief	Michael Michel
Public Information Officer	Emile Lafourcade
Court	Keith Conley
Information Technology	Danna Morris
Internal Audit	Annamarie Pizzolato
Council Clerk	Michelle Sheeren



City of Kenner Organization of Government

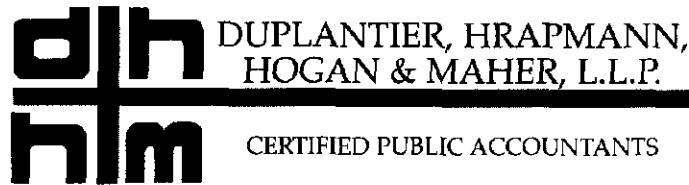




City of Kenner

Prepared by Planning Department

FINANCIAL SECTION



MICHAEL J. O'ROURKE, C.P.A.
WILLIAM G. STAMM, C.P.A.
CLIFFORD J. GIFFIN, JR., C.P.A.
DAVID A. BURGARD, C.P.A.
LINDSAY J. CALUB, C.P.A., L.L.C.
GUY L. DUPLANTIER, C.P.A.
MICHELLE H. CUNNINGHAM, C.P.A.
DENNIS W. DILLON, C.P.A.

ANN H. HEBERT, C.P.A.
ROBIN A. STROHMEYER, C.P.A.

KENNETH J. BROOKS, C.P.A., ASSOCIATE

1340 Poydras St., Suite 2000 • New Orleans, LA 70112
(504) 586-8866
FAX (504) 525-5888
cpa@dhhmcpa.com

A.J. DUPLANTIER, JR., C.P.A.
(1919-1985)
FELIX J. HRAPMANN, JR., C.P.A.
(1919-1990)
WILLIAM R. HOGAN, JR., C.P.A.
(1920-1996)
JAMES MAHER, JR., C.P.A.
(1921-1999)

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LA. C.P.A.s

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the Council
City of Kenner, Louisiana

December 29, 2006

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Kenner, Louisiana as of and for the year ended June 30, 2006 which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Kenner, Louisiana, management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the *Louisiana Governmental Audit Guide*, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Kenner, Louisiana as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 11 through 16 and 63 through 65 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Kenner, Louisiana, basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and the statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Honorable Mayor and Members of the Council
City of Kenner, Louisiana
Page 2

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2006 on our consideration of the City of Kenner, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Kenner, Louisiana basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the City of Kenner, Louisiana. The Schedule of Expenditures of Federal Awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Duplantier, Grapmann, Hogan & Acker LLP

REQUIRED SUPPLEMENTARY INFORMATION - PART I

**CITY OF KENNER, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2006**

This management discussion and analysis is intended to provide the readers of the City's financial statements with an overview and analysis of the financial activities of the City for the year ended June 30, 2006. It should be read in conjunction with the transmittal letter and financial statements including footnotes.

FINANCIAL HIGHLIGHTS

The assets of the City exceeded its liabilities by approximately \$368 million at June 30, 2006. Of this amount approximately \$327 million is in capital assets net of related debt.

The City's unrestricted net assets in governmental activities are approximately \$15 million.

Business type activities unrestricted net assets are approximately \$6 million.

The City's total net assets decreased by approximately \$6 million. Net assets of governmental activities decreased by approximately \$10 million due to capital additions of \$7 million and \$21 million in depreciation and net assets of business type activities increased by approximately \$4 million due to \$7 million in capital additions less \$3 million in depreciation.

The City's governmental funds reported combined unreserved undesignated fund balances of approximately \$9 million with approximately all of it in the general fund. The general fund portion increased by approximately \$3 million due to departmental expenditures under budget and the accrual of higher sales taxes as a result of increased business activities from residents and businesses rebuilding after hurricane Katrina.

The unreserved undesignated fund balance of the governmental funds represents 14% of the City's operating expenditures.

The City's total debt decreased by approximately \$5 million. The decrease was due to scheduled payments made during the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The management discussion and analysis serves as an introduction to the City's basic financial statements, which are the government-wide financial statements, fund financial statements, and notes to the financial statements. Also included in the report is required supplementary information.

Government-wide financial statements. The government-wide financial statements report information about the overall finances of the City similar to a business enterprise. The statements combine and consolidate short-term, spendable resources with capital assets and long-term obligations.

The statement of net assets presents information on all of the City's assets, less liabilities, which results in net assets. The statement is designed to display the financial position of the City. Over time, increases or decreases in net assets help determine whether the City's financial position is improving or deteriorating.

The statement of activities provides information which shows how the City's net assets changed as a result of the year's activities. The statement uses the accrual basis of accounting, which is similar to the accounting used by private-sector businesses. All of the revenues and expenses are reported regardless of the timing of when cash is received or paid.

The Statement of Net Assets and the Statement of Activities distinguish functions of the City that are financed primarily by taxes, intergovernmental revenues, and charges for services (governmental activities) from functions where user fees and charges to customers help to cover all or most of the cost of services (business-type activities). The City's governmental activities include general government, public safety, public works, cultural and recreation, health and welfare and transit and urban development. The business-type activities of the City include the City's sewer system and civic center.

CITY OF KENNER, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
For The Year Ended June 30, 2006

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The city uses fund accounting to ensure and demonstrate fiscal accountability. The City uses governmental, proprietary, and fiduciary fund financial statements to provide more detailed information about the City's most significant funds rather than the City as a whole.

Governmental funds. Governmental funds are used to report most of the City's basic services. The funds focus on the inflows and outflows of current resources and the balance of spendable resources available at the end of the fiscal year. Governmental fund statements provide a near- or short-term view of the City's operations. A reconciliation is prepared of the governmental funds Balance Sheet to the Statement of Net Assets and the Statement of Revenues, Expenditures, and Changes in Fund Balances of governmental funds to the Statement of Activities.

Twelve governmental funds are used by the City. The City has seven major governmental funds, which have separately presented information in the governmental fund Balance Sheet and Statement of Revenues and Expenditures and Changes in Fund Balance. The major funds are the general fund, one percent sales tax fund, garbage collection and disposal, fire protection fund, general debt fund, general capital projects fund, and capital projects funded with bond proceed fund. The five non-major funds are presented in the aggregate in the governmental fund financial statements. The individual fund information is presented in combining statements.

The City adopts an annual budget for its governmental funds with the exception of the capital projects funded with bond proceeds fund. Budgetary comparison statements have been provided for these funds.

Proprietary funds. The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its sewer and civic center operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its health care and self-insurance. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Proprietary fund financial statements provide separate information for the sewer and civic center, both of which are considered major funds of the City.

Conversely, internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds are provided in the form of combining statements and elsewhere in this report.

The City also adopts an annual budget for its enterprise funds, and budgetary comparison statements are provided for these funds.

Fiduciary funds. Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for others. Activities from fiduciary funds are not included in the government-wide financial statements because the City cannot use these assets for its operations.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

CITY OF KENNER, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
For The Year Ended June 30, 2006

Government-wide Financial Analysis

Net assets. The following table reflects condensed information on the City's net assets for the current and prior years.

	Net Assets June 30, (In thousands)					
	Governmental Activities 2006	Business-type Activities 2006	Total 2006	Governmental Activities 2005	Business-type Activities 2005	Total 2005
Assets:						
Current and other assets	\$ 77,182	\$ 23,075	\$ 100,257	\$ 52,108	\$ 5,140	\$ 57,248
Capital assets	<u>301,527</u>	<u>53,806</u>	<u>355,333</u>	<u>334,032</u>	<u>67,666</u>	<u>401,698</u>
Total assets	<u>378,709</u>	<u>76,881</u>	<u>455,590</u>	<u>386,140</u>	<u>72,806</u>	<u>458,946</u>
Liabilities:						
Long-term outstanding debt	69,243	5	69,248	73,416	8	73,424
Other liabilities	<u>17,213</u>	<u>950</u>	<u>18,163</u>	<u>9,859</u>	<u>975</u>	<u>10,834</u>
Total liabilities	<u>86,456</u>	<u>955</u>	<u>87,411</u>	<u>83,275</u>	<u>983</u>	<u>84,258</u>
Net assets:						
Invested in capital assets, net of related debt	256,364	70,242	326,606	265,282	67,666	332,948
Restricted	21,009	-	21,009	26,478	-	26,478
Unrestricted	<u>14,880</u>	<u>5,684</u>	<u>20,564</u>	<u>11,105</u>	<u>4,156</u>	<u>15,261</u>
Total net assets	<u>\$ 292,253</u>	<u>\$ 75,926</u>	<u>\$ 368,179</u>	<u>\$ 302,865</u>	<u>\$ 71,822</u>	<u>\$ 374,687</u>

CITY OF KENNER, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
For The Year Ended June 30, 2006

Changes in net assets. The City's total revenues and expenses for governmental and business-type activities are reflected in the following chart for the current and prior years.

Changes in Net Assets						
June 30,						
(In thousands)						
	Governmental Activities 2006	Business-type Activities 2006	Total 2006	Governmental Activities 2005	Business-type Activities 2005	Total 2005
Revenues:						
Program revenues:						
Charges for services	\$ 12,586	\$ 4,503	\$ 17,089	\$ 14,269	\$ 5,286	\$ 19,555
Operating grants & Contributions	33,969	-	33,969	1,539	-	1,539
Capital grants & Contributions	2,713	5,731	8,444	3,145	8,124	11,269
General revenues:						
Property taxes	7,107	479	7,586	8,203	536	8,739
Sales taxes	37,224	490	37,714	31,509	493	32,002
Other taxes	10,608	265	10,873	11,107	727	11,834
Grants & contributions not restricted to specific program	436	-	436	207	-	207
Other	2,166	817	2,983	1,244	60	1,304
Total revenues	<u>106,809</u>	<u>12,285</u>	<u>119,094</u>	<u>71,223</u>	<u>15,226</u>	<u>86,449</u>
Program expenses:						
General government	16,927	-	16,927	11,136	-	11,136
Public safety	28,712	-	28,712	27,037	-	27,037
Public works	59,921	-	59,921	40,350	-	40,350
Health and welfare	866	-	866	832	-	832
Culture and recreation	6,199	-	6,199	5,599	-	5,599
Transit & urban development	1,220	-	1,220	1,406	-	1,406
Miscellaneous	-	-	-	1,244	-	1,244
Interest on long term debt	2,674	-	2,674	2,891	-	2,891
Sewer operations	-	6,823	6,823	-	6,725	6,725
Civic center operations	-	2,262	2,262	-	2,298	2,298
Total expenses	<u>116,519</u>	<u>9,085</u>	<u>125,604</u>	<u>90,495</u>	<u>9,023</u>	<u>99,518</u>
Change in net assets before transfers	<u>(9,710)</u>	<u>3,200</u>	<u>(6,510)</u>	<u>(19,272)</u>	<u>6,203</u>	<u>(13,069)</u>
Transfers	<u>(903)</u>	<u>903</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	<u>(10,613)</u>	<u>4,103</u>	<u>(6,510)</u>	<u>(19,272)</u>	<u>6,203</u>	<u>(13,069)</u>
Net assets-beginning of year	<u>302,865</u>	<u>71,822</u>	<u>374,687</u>	<u>322,137</u>	<u>65,619</u>	<u>387,756</u>
Net assets-end of year	<u>\$ 292,252</u>	<u>\$ 75,925</u>	<u>\$ 368,177</u>	<u>\$ 302,865</u>	<u>\$ 71,822</u>	<u>\$ 374,687</u>

CITY OF KENNER, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
For The Year Ended June 30, 2006

Capital Assets and Debt Administration

Capital assets. The City's investment in capital assets as of June 30, 2006 for its governmental and business-type activities was approximately \$391 million, net of depreciation as reflected in the schedule below:

Capital Assets
June 30, 2006
(Net of depreciation in thousands)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Land	\$ 9,674	\$ 3,799	\$ 13,473
Construction in progress	8,956	12,637	21,593
Buildings	25,564	47,604	73,168
Improvements other than buildings	1,829	639	2,468
Equipment	9,103	5,563	14,666
Infrastructure	<u>265,031</u>	<u>-</u>	<u>265,031</u>
Total	<u>\$ 320,157</u>	<u>\$ 70,242</u>	<u>\$ 390,399</u>

The majority of the capital additions for the year were for infrastructure as the City continued a major program of infrastructure improvements including roads, drainage and sewerage. For additional information on capital asset activity see note "H" in the Notes to the Financial Statements section.

Long-term debt. At year-end, the City had approximately \$69 million in long-term debt as shown in the table below.

Outstanding long-term debt
June 30, 2006
(In thousands)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Revenue bonds	\$ 38,299	\$ -	\$ 38,299
Certificates of indebtedness	5,260	-	5,260
Note payable	21,403	-	21,403
Mortgage payable	-	5	5
Other	<u>4,281</u>	<u>-</u>	<u>4,281</u>
Total	<u>\$ 69,243</u>	<u>\$ 5</u>	<u>\$ 69,248</u>

The City's total long-term debt decreased by approximately \$5 million, which was explained earlier.

The City's general obligation bonds continued to maintain a Baa rating and the City's revenue bonds continued to maintain an AAA rating.

State statutes limit the amount of government obligation debt a municipality may issue at a maximum of 10% of the assessed valuation for any purpose. The maximum may be exceeded if the aggregate issued for all purposes does not exceed 35% of the total assessed valuation. The City's outstanding general obligation debt is below the state limit. Approximately, \$139 million of additional general obligation bonded debt is available for issuance. See note "I" in the Notes to the Financial Statements section of this report for additional information on the City's Long Term Debt

CITY OF KENNER, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
For The Year Ended June 30, 2006

The City's financial status was significantly effected by hurricane Katrina which hit the City on August 29, 2005 causing damage to a majority of property in the City and causing widespread flooding in north Kenner. It also left the entire City temporarily without electricity, gas, telephone, water, and sewer services. All businesses were shut down and a majority of citizens evacuated.

The recovery process began immediately and the City worked with our utility suppliers to restore basic services. Within a couple of months the majority of businesses reopened and residents started the process of repairing their properties.

The initial impact was a sharp decline in revenue primarily sales taxes, property taxes and service charges. However within a few months sales taxes began to recover and were very strong in the second half of the year.

The City's overall revenues increased by approximately \$36 million from the previous year. The majority of the increase was funds from FEMA for the clean-up of the City in the aftermath of the hurricane. Approximately \$31 million was from FEMA. The City also received a \$1 million grant from the State of Louisiana with regard to the hurricane. Sales tax revenue increased significantly as noted earlier.

Property tax revenue was down as property assessments were lower due to damage from the hurricane and revenue from the riverboat, the court and service charges were also down.

The City's total expenditures increased by approximately \$29 million. The increase was due to the expenses to clean up after the hurricane with the largest portion being for debris removal as well as increased personnel expenditures due to cost of living increases for employees. Public Works expenses decreased and Culture and Recreation expenses increased due to moving recreation maintenance from Public Works to Recreation for a more efficient operation. Miscellaneous expenses decreased due to insurance expenses now being included in General Government. Capital project expenses decreased as several capital projects funded with bond proceeds were completed.

BUDGETARY HIGHLIGHTS

General fund revenues were over budget due to same reasons revenues were higher than last year as noted earlier.

General fund expenditures were under budget due to savings in various departments.

The General Funds final budget was significantly higher than the original budget due to amendments necessary to cover the additional expenses the City incurred in the clean up and restoration from hurricane Katrina.

**CITY OF KENNER, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
For The Year Ended June 30, 2006**

ECONOMIC OUTLOOK

Long-term prospects for the City are very good. The City has made great strides in recovering from hurricane Katrina and business is very strong. Sales taxes are up significantly as residents and businesses in the region continue to rebuild.

The administration is making changes in the way the City operates to be more efficient and save money by doing work in house that had been outsourced. The City has created an in house legal department which now handles a majority of the City's legal work. An engineer has been hired as public works director and additional engineers are being hired. This will bring the City's engineering function in house. A public information officer has been hired and the City's public relations function is now also being done in house. These changes will provide for a more efficient delivery of services and result in significant cost saving for the City.

BASIC FINANCIAL STATEMENTS

CITY OF KENNER, LOUISIANA
STATEMENT OF NET ASSETS
JUNE 30, 2006

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash	\$ 15,552,968	\$ 800,224	\$ 16,353,192
Equity in pooled cash	4,025,444	1,500,832	5,526,276
Investments	10,632,848	2,518,523	13,151,371
Receivables (net, where applicable, of allowances for uncollectibles)			
Taxes	1,523,583	-	1,523,583
Accounts	5,414,435	11,450	5,425,885
Intergovernmental	20,168,421	222,285	20,390,706
Special assessments - delinquent	477	-	477
Interest	8,508	-	8,508
Service charges	-	1,106,378	1,106,378
Other	34,466	490,274	524,740
Internal balances	22,948	(22,948)	-
Inventory, at cost	134,599	-	134,599
Prepaid items	8,324	8,932	17,256
Deferred charges	1,025,150	-	1,025,150
Refundable deposits	-	3,669	3,669
Capital assets not being depreciated	18,630,097	16,435,653	35,065,750
Capital assets being depreciated, net of accumulated depreciation	301,526,959	53,805,896	355,332,855
Total assets	378,709,227	76,881,168	455,590,395
LIABILITIES			
Accounts payable	11,474,967	765,538	12,240,505
Estimated claims payable	2,939,581	-	2,939,581
Retainages payable	53,041	-	53,041
Accrued liabilities	1,356,232	27,630	1,383,862
Deposits on future events	-	141,342	141,342
Due to other governments	1,140,324	-	1,140,324
Uncollected revenue	17,584	15,938	33,522
Other liabilities	231,624	-	231,624
Non-current liabilities:			
Due within one year	7,349,429	3,879	7,353,308
Due in more than one year	61,893,685	872	61,894,557
Total liabilities	86,456,467	955,199	87,411,666
NET ASSETS			
Invested in capital assets, net of related debt	256,363,785	70,241,549	326,605,334
Restricted for:			
Capital projects	16,614,225	-	16,614,225
Debt service	4,395,208	-	4,395,208
Unrestricted	14,879,543	5,684,420	20,563,963
Total net assets	\$ 292,252,761	\$ 75,925,969	\$ 368,178,730

The accompanying notes are an integral part of this statement.

CITY OF KENNER, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities							
General government	\$ 16,926,989	\$ 5,386,009	\$ 1,285,740	\$ -	\$ (10,255,240)	\$ -	\$ (10,255,240)
Public safety	28,711,953	2,915,463	1,976,069	854	(23,819,567)	-	(23,819,567)
Public works	59,920,613	3,229,627	29,877,797	2,712,254	(24,100,935)	-	(24,100,935)
Health and welfare	866,376	89,208	-	-	(777,168)	-	(777,168)
Culture and recreation	6,199,348	943,784	-	-	(5,255,564)	-	(5,255,564)
Transit and urban development	1,219,917	22,050	829,565	-	(368,302)	-	(368,302)
Interest on long-term debt and other charges	2,673,906	-	-	-	(2,673,906)	-	(2,673,906)
Total Governmental Activities	116,519,102	12,586,141	33,969,171	2,713,108	(67,250,682)	-	(67,250,682)
Business-type Activities							
Wastewater Operations	6,822,502	3,654,041	-	5,731,335	-	2,562,874	2,562,874
Civic Center Operations	2,262,446	849,424	-	-	-	(1,413,022)	(1,413,022)
Total Business-type Activities	9,084,948	4,503,465	-	5,731,335	-	1,149,852	1,149,852
Total	\$ 125,604,050	\$ 17,089,606	\$ 33,969,171	\$ 8,444,443	(67,250,682)	1,149,852	(66,100,830)
General Revenues:							
Taxes:							
Ad valorem					7,107,144	478,714	7,585,858
Sales and use					37,224,188	489,735	37,713,923
Beer tax					92,224	-	92,224
Parking					1,392,586	-	1,392,586
Franchise					9,122,764	264,847	9,387,611
Grants and contributions not restricted to specific programs					436,183	-	436,183
Investment earnings					1,321,158	126,395	1,447,553
Miscellaneous					899,720	14,268	913,988
Gain (loss) on disposal of capital assets					(54,627)	676,624	621,997
Transfers					(903,228)	903,228	-
Total general revenues and transfers					56,638,112	2,953,811	59,591,923
Change in Net Assets					(10,612,570)	4,103,663	(6,508,907)
Net assets - beginning of year					302,865,331	71,822,306	374,687,637
Net assets - end of year					\$ 292,252,761	\$ 75,925,969	\$ 368,178,730

The accompanying notes are an integral part of this statement.

CITY OF KENNER, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2006

	<u>GENERAL</u>	<u>ONE PERCENT SALES TAX OF 1984</u>	<u>GARBAGE COLLECTION AND DISPOSAL</u>	<u>FIRE PROTECTION</u>
ASSETS				
Cash	\$ 1,639,212	\$ -	\$ -	\$ -
Equity in pooled cash	829,384	-	-	567,721
Investments	3,185,065	-	-	-
Receivables (net, where applicable, of allowances for uncollectibles)				
Taxes	1,523,583	-	-	-
Accounts	4,731,297	-	683,138	-
Intergovernmental	6,901,277	2,466,349	8,042,815	30,830
Special assessments - delinquent	477	-	-	-
Interest	-	-	-	-
Other	-	-	-	184
Due from other funds	8,688,393	66,854	180,888	877,775
Inventory, at cost	134,599	-	-	-
Prepaid items	8,324	-	-	-
	<u>27,641,611</u>	<u>2,533,203</u>	<u>8,906,841</u>	<u>1,476,510</u>
Total assets	<u>\$ 27,641,611</u>	<u>\$ 2,533,203</u>	<u>\$ 8,906,841</u>	<u>\$ 1,476,510</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 3,901,039	\$ -	\$ 4,676,153	\$ 20,734
Retainages payable	-	-	-	-
Accrued liabilities	643,531	-	-	155,748
Due to other funds	3,952,033	2,533,203	4,088,198	624,341
Due to other governments	1,140,324	-	-	-
Deferred revenues	2,360,394	-	142,490	641,806
Other liabilities	231,624	-	-	-
Total liabilities	<u>12,228,945</u>	<u>2,533,203</u>	<u>8,906,841</u>	<u>1,442,629</u>
Fund balances:				
Reserved for:				
Encumbrances	1,943,062	-	-	33,881
Inventory	134,599	-	-	-
Prepaid items	8,324	-	-	-
Restricted expenditures	1,402,920	-	-	-
Debt service	-	-	-	-
Hurricane damage repairs	-	-	-	-
Unreserved, designated for:				
Subsequent year's expenditures	3,190,193	-	-	-
Capital additions and improvements	-	-	-	-
Unreserved, undesignated:				
General fund	8,733,568	-	-	-
Special revenue funds	-	-	-	-
Total fund balances	<u>15,412,666</u>	<u>-</u>	<u>-</u>	<u>33,881</u>
Total liabilities and fund balances	<u>\$ 27,641,611</u>	<u>\$ 2,533,203</u>	<u>\$ 8,906,841</u>	<u>\$ 1,476,510</u>

The accompanying notes are an integral part of this statement.

GENERAL DEBT	GENERAL CAPITAL PROJECTS	CAPITAL PROJECTS FUNDED WITH BOND PROCEEDS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 1,966,293	\$ 9,575,811	\$ 1,586,666	\$ 45,555	\$ 14,813,537
-	1,514,751	755,526	357,959	4,025,341
760,034	4,406,690	-	-	8,351,789
-	-	-	-	1,523,583
-	-	-	-	5,414,435
680,816	328,461	1,647,404	70,469	20,168,421
-	-	-	-	477
2,941	-	5,567	-	8,508
-	20,000	-	14,282	34,466
625,710	1,667,058	602,353	452,047	13,161,078
-	-	-	-	134,599
-	-	-	-	8,324
<u>\$ 4,035,794</u>	<u>\$ 17,512,771</u>	<u>\$ 4,597,516</u>	<u>\$ 940,312</u>	<u>\$ 67,644,558</u>
\$ -	\$ 970,918	\$ 1,761,848	\$ 142,826	\$ 11,473,518
-	7,611	45,430	-	53,041
-	-	-	28,623	827,902
-	370,766	2,046,431	133,787	13,748,759
-	-	-	-	1,140,324
-	-	293,058	45,064	3,482,812
-	-	-	-	231,624
-	1,349,295	4,146,767	350,300	30,957,980
-	3,864,489	450,749	15,388	6,307,569
-	-	-	-	134,599
-	-	-	-	8,324
-	-	-	-	1,402,920
4,035,794	-	-	359,414	4,395,208
-	-	-	113,592	113,592
-	-	-	-	3,190,193
-	12,298,987	-	-	12,298,987
-	-	-	-	8,733,568
-	-	-	101,618	101,618
<u>4,035,794</u>	<u>16,163,476</u>	<u>450,749</u>	<u>590,012</u>	<u>36,686,578</u>
<u>\$ 4,035,794</u>	<u>\$ 17,512,771</u>	<u>\$ 4,597,516</u>	<u>\$ 940,312</u>	<u>\$ 67,644,558</u>

CITY OF KENNER, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS
JUNE 30, 2006

Amounts reported for governmental activities in the Statement of Net Assets
are different because:

Fund balances - total governmental funds	\$ 36,686,578
Capital assets, net used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	320,157,057
Internal service funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	690,192
Certain revenues will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.	3,465,228
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Accrued interest payable	(528,330)
Compensated absences	(4,256,399)
Bonds, notes, and loans payable (net of premiums, discounts and deferred charges)	<u>(63,961,565)</u>
Net assets of governmental activities	<u><u>\$ 292,252,761</u></u>

The accompanying notes are an integral part of this statement.

CITY OF KENNER, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	<u>GENERAL</u>	<u>ONE PERCENT SALES TAX OF 1984</u>	<u>GARBAGE COLLECTION AND DISPOSAL</u>	<u>FIRE PROTECTION</u>
REVENUES				
Taxes	\$ 29,782,833	\$ 13,244,141	\$ 644,119	\$ 2,965,199
Licenses and permits	2,681,243	-	-	-
Intergovernmental	10,970,784	-	23,352,870	429,514
Charges for services	546,512	-	2,260,337	854
Fines and forfeitures	1,470,243	-	-	-
Interest	119,953	-	2,749	16,183
Miscellaneous	306,486	-	-	267,507
Total revenues	<u>45,878,054</u>	<u>13,244,141</u>	<u>26,260,075</u>	<u>3,679,257</u>
EXPENDITURES				
Current:				
General government	15,049,360	-	-	-
Public safety	17,518,354	-	-	7,088,988
Public works	4,165,619	-	27,159,761	-
Health and welfare	768,738	-	-	-
Culture and recreation	5,090,331	-	-	-
Transit and urban development	343,785	-	-	-
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Miscellaneous	-	-	-	-
Total expenditures	<u>42,936,187</u>	<u>-</u>	<u>27,159,761</u>	<u>7,088,988</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,941,867</u>	<u>13,244,141</u>	<u>(899,686)</u>	<u>(3,409,731)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	10,859,680	-	1,126,211	2,688,730
Transfers out	<u>(8,762,746)</u>	<u>(13,244,141)</u>	<u>(226,525)</u>	<u>-</u>
Total other financing sources and uses	<u>2,096,934</u>	<u>(13,244,141)</u>	<u>899,686</u>	<u>2,688,730</u>
Net change in fund balances	5,038,801	-	-	(721,001)
Fund balances - beginning of year	<u>10,373,865</u>	<u>-</u>	<u>-</u>	<u>754,882</u>
Fund balances - end of year	<u>\$ 15,412,666</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,881</u>

The accompanying notes are an integral part of this statement.

<u>GENERAL DEBT</u>	<u>GENERAL CAPITAL PROJECTS</u>	<u>CAPITAL PROJECTS FUNDED WITH BOND PROCEEDS</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
\$ 4,086,388	\$ -	\$ -	\$ 2,515,321	\$ 53,238,001
-	-	-	-	2,681,243
-	276,831	2,140,638	851,762	38,022,399
-	-	-	-	2,807,703
-	-	-	-	1,470,243
152,311	669,121	175,391	25,667	1,161,375
100,613	766,939	53,793	270,289	1,765,627
<u>4,339,312</u>	<u>1,712,891</u>	<u>2,369,822</u>	<u>3,663,039</u>	<u>101,146,591</u>
-	822,702	-	-	15,872,062
-	-	-	-	24,607,342
-	2,929,716	7,547,497	2,152,728	43,955,321
-	-	-	-	768,738
-	1,782,958	84,874	114,449	7,072,612
-	-	-	872,625	1,216,410
3,735,317	-	-	1,221,831	4,957,148
1,788,306	-	-	992,717	2,781,023
36,000	-	-	-	36,000
<u>5,559,623</u>	<u>5,535,376</u>	<u>7,632,371</u>	<u>5,354,350</u>	<u>101,266,656</u>
<u>(1,220,311)</u>	<u>(3,822,485)</u>	<u>(5,262,549)</u>	<u>(1,691,311)</u>	<u>(120,065)</u>
1,571,289	5,204,771	300,000	1,923,168	23,673,849
(198,055)	(2,145,610)	-	-	(24,577,077)
<u>1,373,234</u>	<u>3,059,161</u>	<u>300,000</u>	<u>1,923,168</u>	<u>(903,228)</u>
152,923	(763,324)	(4,962,549)	231,857	(1,023,293)
<u>3,882,871</u>	<u>16,926,800</u>	<u>5,413,298</u>	<u>358,155</u>	<u>37,709,871</u>
<u>\$ 4,035,794</u>	<u>\$ 16,163,476</u>	<u>\$ 450,749</u>	<u>\$ 590,012</u>	<u>\$ 36,686,578</u>

CITY OF KENNER, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006

Amounts reported for governmental activities in the Statement of Activities
are different because:

Net change in fund balances, total governmental funds	\$ (1,023,293)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.	(13,875,147)
Certain governmental revenues will not be collected for several months after year-end and are deferred in the governmental funds.	615,761
The issuance of long-term debt (bonds, leases, etc.) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	4,138,324
Internal service funds are used by management to charge the costs of insurance to individual funds. The net revenue (expense) of internal service funds are reported with governmental activities.	<u>(468,215)</u>
Change in net assets of governmental activities	<u><u>\$ (10,612,570)</u></u>

The accompanying notes are an integral part of this statement.

CITY OF KENNER, LOUISIANA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2006

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</u>			<u>GOVERNMENTAL</u>
	<u>DEPARTMENT OF</u>	<u>CIVIC</u>		<u>ACTIVITIES</u>
	<u>WASTEWATER</u>	<u>CENTER</u>		<u>INTERNAL</u>
	<u>OPERATIONS</u>	<u>OPERATIONS</u>	<u>TOTAL</u>	<u>SERVICE</u>
				<u>FUNDS</u>
ASSETS				
Current assets:				
Cash	\$ 139,663	\$ 660,561	\$ 800,224	\$ 739,431
Equity in pooled cash	-	1,500,832	1,500,832	103
Investments	-	2,518,523	2,518,523	2,281,059
Receivables (net, where applicable, of allowances for uncollectibles)				
Accounts	11,450	-	11,450	-
Intergovernmental	-	222,285	222,285	-
Service charges	976,543	129,835	1,106,378	-
Other	-	490,274	490,274	-
Due from other funds	117,295	-	117,295	610,629
Prepaid expenses	-	8,932	8,932	-
Refundable deposits	3,669	-	3,669	-
Total current assets	<u>1,248,620</u>	<u>5,531,242</u>	<u>6,779,862</u>	<u>3,631,222</u>
Noncurrent assets:				
Capital assets:				
Land	-	3,798,726	3,798,726	-
Buildings and improvements	69,362,431	14,727,660	84,090,091	-
Improvements other than buildings	-	1,702,498	1,702,498	-
Furniture and fixtures	12,481,398	3,609,658	16,091,056	-
Vehicles and field equipment	1,334,338	-	1,334,338	-
Construction in progress	12,636,927	-	12,636,927	-
Less: accumulated depreciation	<u>(42,837,967)</u>	<u>(6,574,120)</u>	<u>(49,412,087)</u>	<u>-</u>
Total capital assets, net	<u>52,977,127</u>	<u>17,264,422</u>	<u>70,241,549</u>	<u>-</u>
Total noncurrent assets	<u>52,977,127</u>	<u>17,264,422</u>	<u>70,241,549</u>	<u>-</u>
Total assets	<u>\$ 54,225,747</u>	<u>\$ 22,795,664</u>	<u>\$ 77,021,411</u>	<u>\$ 3,631,222</u>

(Continued)

CITY OF KENNER, LOUISIANA
STATEMENT OF NET ASSETS (CONTINUED)
PROPRIETARY FUNDS
JUNE 30, 2006

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
	DEPARTMENT OF WASTEWATER OPERATIONS	CIVIC CENTER OPERATIONS	TOTAL	
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 268,762	\$ 496,776	\$ 765,538	\$ 1,449
Estimated claims payable	-	-	-	2,939,581
Current portion of mortgage payable	3,879	-	3,879	-
Accrued liabilities	-	27,630	27,630	-
Deposits on future events	-	141,342	141,342	-
Due to other funds	140,243	-	140,243	-
Deferred revenue	-	15,938	15,938	-
Total current liabilities	412,884	681,686	1,094,570	2,941,030
Noncurrent liabilities:				
Mortgage payable (net of current portion)	872	-	872	-
Total noncurrent liabilities	872	-	872	-
Total liabilities	413,756	681,686	1,095,442	2,941,030
NET ASSETS				
Invested in capital assets, net of related debt	52,977,127	17,264,422	70,241,549	-
Restricted	-	-	-	690,192
Unrestricted	834,864	4,849,556	5,684,420	-
Total net assets	\$ 53,811,991	\$ 22,113,978	\$ 75,925,969	\$ 690,192

The accompanying notes are an integral part of this statement.

CITY OF KENNER, LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES
	DEPARTMENT OF WASTEWATER OPERATIONS	CIVIC CENTER OPERATIONS	TOTAL	INTERNAL SERVICE FUNDS
OPERATING REVENUES				
Charges for services	\$ 3,654,041	\$ 849,424	\$ 4,503,465	\$ 4,951,978
Miscellaneous	928	13,340	14,268	-
Total operating revenues	3,654,969	862,764	4,517,733	4,951,978
OPERATING EXPENSES				
Supplies and other expenses	1,120	137	1,257	-
Building and maintenance expenses	100	622,538	622,638	-
Outside services	4,811,152	1,011,426	5,822,578	300,333
Insurance claims	-	-	-	920,703
Insurance premiums	-	103,319	103,319	4,349,191
Depreciation	1,980,237	525,026	2,505,263	-
Other	29,893	-	29,893	-
Total operating expenses	6,822,502	2,262,446	9,084,948	5,570,227
Operating income (loss)	(3,167,533)	(1,399,682)	(4,567,215)	(618,249)
NON-OPERATING REVENUES (EXPENSES)				
Ad valorem taxes	478,714	-	478,714	-
Hotel/motel taxes	-	489,735	489,735	-
Cable television franchise fees	-	264,847	264,847	-
Interest income	784	126,263	127,047	150,034
Interest expense	(652)	-	(652)	-
Gain on disposal of assets	-	676,624	676,624	-
Total non-operating revenues	478,846	1,557,469	2,036,315	150,034
Income (loss) before contributions and transfers	(2,688,687)	157,787	(2,530,900)	(468,215)
Capital contributions	5,731,335	-	5,731,335	-
Transfers in	903,228	-	903,228	-
Change in net assets	3,945,876	157,787	4,103,663	(468,215)
Net assets - beginning of year	49,866,115	21,956,191	71,822,306	1,158,407
Net assets - end of year	\$ 53,811,991	\$ 22,113,978	\$ 75,925,969	\$ 690,192

The accompanying notes are an integral part of this statement.

**CITY OF KENNER, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2006**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
	DEPARTMENT OF WASTEWATER OPERATIONS	CIVIC CENTER OPERATIONS	TOTAL	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	\$ 3,650,563	\$ 901,947	\$ 4,552,510	\$ 4,951,978
Payments to suppliers	(4,320,142)	(1,478,791)	(5,798,933)	(5,634,315)
Internal activity - payments to other funds	(518,869)	-	(518,869)	(655,271)
Net cash provided by (used for) operating activities	(1,188,448)	(576,844)	(1,765,292)	(1,337,608)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Ad valorem taxes	478,716	-	478,716	-
Hotel/motel taxes	-	509,827	509,827	-
Cable television franchise fees	-	356,703	356,703	-
Internal activity - receipts from other funds	700,000	-	700,000	-
Net cash provided by (used for) noncapital financing activities	1,178,716	866,530	2,045,246	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Insurance proceeds on capital assets	-	3,347,783	3,347,783	-
Principal payments - mortgage payable	(3,520)	-	(3,520)	-
Interest payments	(652)	-	(652)	-
Internal activity - receipts from other funds	203,228	-	203,228	-
Purchase of capital assets	(203,228)	(1,974,871)	(2,178,099)	-
Net cash provided by (used for) capital and related financing activities	(4,172)	1,372,912	(1,979,043)	-
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from sales and maturities of investments	-	2,707,703	2,707,703	9,982,213
Purchase of investments	-	(3,151,995)	(3,151,995)	(9,372,487)
Interest and dividends received	784	126,261	127,045	150,033
Net cash provided by (used for) investing activities	784	(318,031)	(317,247)	759,759
Net increase (decrease) in cash and cash equivalents	(13,120)	1,344,567	1,331,447	(577,849)
Cash and cash equivalents, beginning of year	152,783	816,826	969,609	1,317,383
Cash and cash equivalents, end of year	\$ 139,663	\$ 2,161,393	\$ 2,301,056	\$ 739,534

(Continued)

CITY OF KENNER, LOUISIANA
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
	DEPARTMENT OF WASTEWATER OPERATIONS	CIVIC CENTER OPERATIONS	TOTAL	
Reconciliation to Statement of Net Assets:				
Cash	\$ 139,663	\$ 660,561	\$ 800,224	\$ 739,431
Equity in pooled cash	-	1,500,832	1,500,832	103
Cash and cash equivalents, end of year	<u>\$ 139,663</u>	<u>\$ 2,161,393</u>	<u>\$ 2,301,056</u>	<u>\$ 739,534</u>
Reconciliation of operating income to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ (3,167,533)	\$ (1,399,682)	\$ (4,567,215)	\$ (618,249)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	1,980,237	525,026	2,505,263	-
Change in current assets and current liabilities:				
Decrease (increase) in receivables	(4,406)	35,642	31,236	-
Decrease (increase) in due from other funds	(31,655)	-	(31,655)	(610,629)
Decrease (increase) in prepaid expenses	322,057	161,515	483,572	-
Increase (decrease) in accounts payable	200,066	90,423	290,489	(19,334)
Increase (decrease) in deferred revenue	-	(15,937)	(15,937)	-
Increase (decrease) in accrued liabilities	-	6,691	6,691	-
Increase (decrease) in estimated claims payable	-	-	-	(44,754)
Increase (decrease) in due to other funds	(487,214)	-	(487,214)	(44,642)
Increase (decrease) in deposits on future events	-	19,478	19,478	-
Total adjustments	<u>1,979,085</u>	<u>822,838</u>	<u>2,801,923</u>	<u>(719,359)</u>
Net cash provided by (used for) operating activities	<u>\$ (1,188,448)</u>	<u>\$ (576,844)</u>	<u>\$ (1,765,292)</u>	<u>\$ (1,337,608)</u>
Noncash investing, capital, and financing activities:				
Contributions of capital	\$ 5,731,335	\$ -	\$ 5,731,335	\$ -
Acquisitions of property, plant and equipment through capital contributions	(5,731,335)	-	(5,731,335)	-
Gain on fair market value of investments	-	17,740	17,740	19,219
(Increase) in fair market value of investments	-	(17,740)	(17,740)	(19,219)
Net effect of noncash activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

CITY OF KENNER, LOUISIANA
STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUND
June 30, 2006

	AGENCY FUND <hr/> AIRPORT SALES TAX FUND <hr/>
ASSETS	
Receivables (net, where applicable, of allowance for uncollectibles)	
Intergovernmental	\$ 181,770
Total assets	\$ 181,770
LIABILITIES	
Due to other governments	\$ 181,770
Total liabilities	\$ 181,770

The accompanying notes are an integral part of this statement.

CITY OF KENNER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2006

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

City of Kenner, Louisiana's (the "City") system of government is established by its Home Rule Charter which became effective in 1974. The City operates under a mayor-council form of government. The financial statements of City of Kenner, Louisiana have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applicable to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

1. REPORTING ENTITY

The City's basic financial statements include the accounts of all City operations. The criteria for including organizations as component units within the City's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the City holds the corporate powers of the organization
- the City appoints a voting majority of the organization's board
- the City is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the City
- there is fiscal dependency by the organization on the City

Based on the aforementioned criteria, the City of Kenner has no component units.

The Police Chief is an elected official elected by the citizenry in a general, popular election. The City Council approves the annual budget for the Police Department and dedicates portions of the City's revenues to fund this department. The Police Department is not legally separate, and therefore is a function of the primary government and its operations are reported as a part of the City's General Fund.

2. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Certain *indirect costs* are included as part of the program expenses reported for individual functions and activities. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual enterprise funds are reported as separate columns in the fund financial statements.

The government-wide financial statements are reported using the *economic measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements (except agency funds which do not have a measurement focus). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

CITY OF KENNER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2006

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Those revenues susceptible to accrual are property taxes, franchise taxes, beer taxes, parking taxes and certain state shared revenues such as tobacco taxes, parish transportation funds, and video poker monies. Sales taxes collected and held by intermediary collecting governments at year-end on behalf of the City government also are recognized as revenue. Fines and permits are not susceptible to accrual because generally they are not measurable until received in cash. Other receipts and taxes become measurable and available when cash is received by the government and are recognized as revenue at that time.

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources and expenditures of the general government, except those required to be accounted for in another fund.

The *One Percent Sales Tax of 1984 Fund* accounts for the proceeds of sales taxes generated by a 1 percent sales tax increase. These funds are to be used to fund a municipal homestead exemption, police protection and various other city services.

The *Garbage Collection and Disposal Fund* accounts for the proceeds of ad valorem taxes which are specifically dedicated to solid waste collection throughout the City in residential and some commercial areas.

The *Fire Protection Fund* accounts for the proceeds of ad valorem taxes which are specifically dedicated for the functions performed by this fund.

The *General Debt Fund* accounts for the tax levy needed to comply with the interest and principal redemption requirements of bond indentures for the following excess revenue and sales tax bonds:

Sales Tax Bonds Series 1994
Sales Tax Bonds Series 1995A
Sales Tax Bonds Series 2003
Excess Revenue Bonds Series 2000
Excess Revenue Bonds Series 2001

The *General Capital Projects Fund* accounts for projects originally funded by the General Fund and the Wastewater Operations Fund. Also included are projects funded by riverboat fees.

The *Capital Projects Funded with Bond Proceeds* accounts for projects originally funded by the 1987A Series Bond proceeds, the 1987B Series Bond proceeds and the 1988 Series Bond proceeds. These bonds were refunded by the Sales Tax Refunding Bonds, Series 1992 and subsequently by the Sales Tax Bonds Series 2003. Also included are projects funded by loans from the Louisiana Department of Environmental Quality (LDEQ) and the Louisiana Local Government Environmental Facilities and Community Development Authority (LCDA) and proceeds from the Excess Revenue Bonds Series 2000 and 2001.

CITY OF KENNER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2006

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)

The City reports the following major proprietary funds:

The *Department of Wastewater Operations Fund* accounts for the sewer services provided to the residents of the City of Kenner. Effective July 1, 1995, this department was privatized.

The *Civic Center Operations Fund* accounts for the operations of the Pontchartrain Civic Center.

Additionally, the City reports the following fund types:

Internal service funds account for health insurance and self insurance (automobile, property damage, worker's compensation) provided to other departments or agencies of the City on a cost reimbursement basis.

The agency fund (Airport Sales tax fund) accounts for assets held by the City in a fiduciary capacity for other governmental entities.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Wastewater Operations Fund, Civic Center Operations Fund and of the City's internal service funds are charges to customers for services. Operating expenses for enterprise funds and internal service funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

The City reports uncollected revenue on its governmental fund balance sheet. Uncollected revenue arises when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the City before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has legal claim to the resources, the liability for deferred revenue is removed from the governmental fund balance sheet and revenue is recognized.

4. BUDGETARY ACCOUNTING

Formal budgetary accounting is employed as a management control device and budgets are legally adopted at the fund level, except for the General Fund for which appropriations are adopted at the department level. Budgets are included as either required supplementary information or other supplementary information for the following funds:

CITY OF KENNER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2006

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. BUDGETARY ACCOUNTING (CONTINUED)

General Fund

Special Revenue Funds

- One Percent Sales Tax of 1984
- Community Development Block Grant
- Garbage Collection and Disposal
- Roads and Bridges
- Street Lighting
- Fire Protection

Debt Service Funds

- General Debt
- Ad Valorem Tax Bonds
- Firemen's Pension Merger Fund

Enterprise Funds

- Department of Wastewater Operations
- Civic Center Operations

Budgetary data for the Capital Project Funds are not presented since these funds are budgeted over the life of the respective project and not on an annual basis. Budgetary accounting is not used for the Internal Service Funds (Self Insurance and Health Insurance Funds) because management considers effective budgetary control achieved since their amounts, which are charged back to other funds, are included as expenditures in each Fund's budget.

Expenditures may not exceed budgeted appropriations at the fund level, except for the General Fund which is at the departmental level. Appropriations lapse at year-end.

Budgets for the General, Special Revenue, Debt Service Funds, and Proprietary Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP), except that encumbrances are treated as budgeted expenditures in the year of incurrence of the commitment to purchase.

5. CASH, INVESTMENTS AND POOLED ASSETS

The City maintains three cash pools as follows:

- a. General Pool - maintains cash balances for all funds except the paving assessments and sewerage assessments funds.
- b. Paving Assessments Pool - maintains cash balances for the General Fund and Debt Service Fund.
- c. Sewerage Assessments Pool - maintains cash balances for the General Fund and Debt Service Fund.

The City follows the practice of pooling cash of all funds except for Internal Service Funds and restricted funds due to Trust Agreements and Bond Indenture Agreements. Total cash of the Pool is reported in all funds as "Equity in Pooled Cash". Funds with a negative Equity in Pooled Cash report the advance as an interfund payable and the General Fund, which has been determined to be the receivable fund by management, reports an offsetting interfund receivable. Interest earned on pooled cash is allocated to each individual fund based on its month end "Equity in Pooled Cash".

The entire cash balances in the General Pool Cash account, the Capital Projects Funded with Bond Proceeds and the Enterprise Funds are invested in interest bearing bank accounts. Interest is allocated among funds in the

CITY OF KENNER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2006

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. CASH, INVESTMENTS AND POOLED ASSETS (CONTINUED)

General Pool Cash account on the basis of ending monthly cash balances. The balances not needed for transactions in the other accounts are deposited in individual money market funds earning interest at market rates; minimal checks can be written on these accounts.

For the purpose of the statement of net assets, cash includes all demand, and money market accounts of the City. For the purpose of the proprietary funds statement of cash flows, all highly liquid investments (including "equity in pooled cash") with maturity of three months or less when purchased are considered to be cash equivalents.

The City is authorized under state law to deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the United States, or laws of the United States. Under state laws, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. State Law R.S. 39:1225 provides that the amount of the security shall at all times be equal to 100% of the amount on deposit to the credit of each depositing authority, except that portion of the deposits insured by any governmental agency insuring bank deposits, which is organized under the laws of the United States.

State Law R.S. 33:2955 allows the investment in direct United States Treasury obligations; bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by federal agencies or U.S. government instrumentalities, which are federally sponsored; direct security repurchase agreements of any federal book entry only securities guaranteed by the U.S. government; time certificates of deposit of any bank domiciled or having a branch office in the state of Louisiana; savings accounts or shares of certain savings and loan associations and savings banks; certain accounts of federally or state chartered credit unions; certain mutual or trust fund institutions; certain guaranteed investment contracts; and investment grade commercial paper of domestic United States corporations.

In accordance with the provisions of Governmental Accounting Standards Board Statement No. 31, *"Accounting and Financial Reporting for Certain Investments and for External Investment Pools"*, all investments are reported at fair value with gains and losses included in the statement of revenue and expenses.

6. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds". Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net assets. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

7. INVENTORIES

The inventory of materials and supplies acquired by the governmental funds is accounted for under the purchase method. The inventory of parts for vehicle maintenance is accounted for under the consumption method. All inventories are recorded in the General Fund at cost, determined by the first-in, first-out method.

8. PREPAID ITEMS

Payments made to vendors for services that will benefit periods beyond June 30, 2006 are recorded as prepaid items in both government-wide and fund financial statements.

CITY OF KENNER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2006

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

9. CAPITAL ASSETS

Capital assets, which include land and land improvements, buildings, improvements other than buildings, vehicles, furniture fixtures and equipment, and infrastructure assets (streets, roads, bridges, canals, and sewer and drainage systems), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$2,500 and an estimated life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Major additions are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide financial statements.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Depreciation on all capital assets, excluding land improvements and construction in progress, is calculated on the straight-line method over the following estimated useful lives:

<u>Asset Description</u>	<u>Asset Life</u>
Buildings and Building Improvements	40
Street system	20 to 40
Drainage system	25
Office Equipment	5 to 12
Machinery and Equipment	10
Vehicles	5
Bridges	40 to 80
Sewerage system	10 to 50

10. COMPENSATED ABSENCES

Vacation (annual leave) and sick pay (sick leave) are accrued when earned. Accumulated annual leave and vested sick leave as of the end of the fiscal year is valued using employees' current rates of pay and the liability for these compensated absences is recorded as long-term debt in the government-wide financial statements.

In the fund financial statements, the governmental funds report a liability for compensated absences for the amount that has matured as a result of employee resignations and retirements.

In accordance with Statement No. 16 of the Governmental Accounting Standards Board, "Accounting for Compensated Absences", an additional liability is recorded for salary related payments associated with the future payment of compensated absences.

11. LONG-TERM OBLIGATIONS

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond and loan premiums and discounts are deferred and amortized over the life of the bonds or loans using the effective interest method. Bonds and loans payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt using the straight-line method.

CITY OF KENNER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2006

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

11. LONG-TERM OBLIGATIONS (CONTINUED)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

12. FUND EQUITY

In the government-wide financial statements, equity is classified as net assets and displayed in three components:

a. Invested in capital assets, net of related debt - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

b. Restricted net assets - consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

c. Unrestricted net assets - all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

13. INTERFUND SERVICES

Interfund services are accounted for as revenues, expenditures or expenses. Interfund services that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund services are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

14. ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions. Those estimates affect the reported amounts of assets and liabilities and disclosure of assets and liabilities at the date of the financial statements. They may also affect the reported amounts of revenues and expenses of proprietary funds and the government-wide financial statements during the reporting period. Actual results could differ from these estimates.

CITY OF KENNER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2006

NOTE B - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

1. BUDGET

The procedures used by the City in establishing the budgetary data reflected in the financial statements are as follows:

- a. Not less than 60 days before the end of the fiscal year, the Mayor recommends to the City Council a proposed operating budget for the ensuing fiscal year. The budget is prepared by fund, department (for the General Fund), function, and object, and includes information on the past year, current year estimates, and requested appropriations for the ensuing fiscal year.
- b. The proposed budget is summarized and advertised and, within 30 days thereafter, public hearings are conducted to obtain taxpayer comments.
- c. The operating budget is then legally adopted through council ordinance prior to June 1.
- d. The Mayor is authorized to transfer budgeted amounts within funds, except for the General Fund which is at the departmental level; however, any revisions that alter the total expenditures of a fund or department in the case of the General Fund must be approved by the City Council.

The budget data reflected in the Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual includes the effect of such appropriation amendments approved by the City Council during the current year. These amendments may reappropriate designated and/or reserved funds rolling forward from the previous year as well as amend the distributions of operating funds already appropriated.

The Schedules of Revenues, Expenditures, and Changes in Fund Balances - Actual and Budget (Budgetary Basis) - General, One Percent Sales Tax of 1984 Fund, Garbage Collection and Disposal, Fire Protection Fund and General Debt Fund present comparisons of the legally adopted budget, with actual data on the budgetary basis. Since accounting principles applied for purposes of developing data on a budgetary basis differ from those used to present financial statements in conformity with generally accepted accounting principles (GAAP), a reconciliation of the resulting basis and timing differences in the net change in fund balances for the year ended June 30, 2006, is presented below:

	<u>General</u>	<u>One Percent Sales Tax of 1984 Fund</u>	<u>Garbage Collection & Disposal</u>	<u>Fire Protection Fund</u>	<u>General Debt Fund</u>
Net change in fund balances (budgetary basis)	\$ 2,865,188	\$ -	\$ -	\$ (721,001)	\$ 152,923
Adjustments:					
Timing differences:					
To adjust for encumbrances	1,632,164	-	-	(31,972)	-
Entity differences:					
To adjust for funds not budgeted	<u>541,450</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances (GAAP basis)	<u>\$ 5,038,802</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (752,973)</u>	<u>\$ 152,923</u>

CITY OF KENNER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2006

NOTE C - DEPOSITS AND INVESTMENTS

Deposits

At June 30, 2006, the City of Kenner has cash (book balances) totaling \$21,879,468, as follows:

Governmental Funds:	
Petty cash	\$ 4,150
Demand deposits	5,853,699
Money market funds	12,981,050
Proprietary Funds:	
Enterprise Fund	
Petty cash	500
Demand deposits	1,894,118
Advance to manager	406,438
Internal Service Fund:	
Demand deposits	739,513
	<u>\$ 21,879,468</u>

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits might not be recovered. The City's deposit policy for custodial credit risk conforms to state law, as described in Note A. At June 30, 2006, the City's demand deposit bank balances of \$12,189,835 were entirely secured by federal deposit insurance and pledged securities held by the City's agent in the City's name. The money market funds are invested in U.S. Treasury securities held by the City's agent in the City's name.

Investments

Custodial credit risk is defined as the risk that, in the event of failure of the counterparty, the City will not be able to recover the value of its investment. The City is not exposed to custodial credit risk at June 30, 2006 since the investments are held in the name of the City. The City's investment policy conforms to state law, as described in Note A, which has no provision for custodial credit risk.

Concentration of credit risk relates to the amount of investments in any one entity. At June 30, 2006, the City had no investments in any one entity which exceeded 5% of total investments, except obligations of federally sponsored entities, which are implicitly guaranteed by the federal government.

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment. The City's investment policy conforms to state law, which does not include a policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

As of June 30, 2006, the City had the following investment in debt securities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	Greater Than 10
Obligations of Federally Sponsored Entities	<u>\$ 13,151,371</u>	<u>\$ 13,151,371</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>

Credit risk is defined as the risk that an insurer or other counterparty to an investment will not fulfill its obligations. The City invested only in obligations of federally sponsored entities in the amount of \$13,151,371, which are not rated. The type of investment allowed by state law ensures that the City is not exposed to credit risk.

CITY OF KENNER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2006

NOTE D - EQUITY IN POOLED CASH

A reconciliation of total equity in pooled cash is presented below.

	General Pool	Paving Assessments Pool	Sewerage Assessments Pool	Total
<u>Equity in Pooled Cash</u>				
Cash	\$ 5,264,272	\$ 256,692	\$ 5,312	\$ 5,526,276
Total Equity in Pooled Cash	<u>\$ 5,264,272</u>	<u>\$ 256,692</u>	<u>\$ 5,312</u>	<u>\$ 5,526,276</u>
<u>Equity in Pool</u>				
General	\$ 567,380	\$ 256,692	\$ 5,312	\$ 829,384
Fire Protection	567,721	-	-	567,721
General Debt	352,462	-	-	352,462
General Capital Projects	1,514,751	-	-	1,514,751
Capital Projects Funded with Bond Proceeds	755,526	-	-	755,526
Civic Center Operations	1,500,832	-	-	1,500,832
Other Governmental	5,497	-	-	5,497
Internal Service Funds	<u>103</u>	<u>-</u>	<u>-</u>	<u>103</u>
Total Equity in Pool	<u>\$ 5,264,272</u>	<u>\$ 256,692</u>	<u>\$ 5,312</u>	<u>\$ 5,526,276</u>

NOTE E - ALLOWANCE FOR DOUBTFUL ACCOUNTS

An allowance for estimated uncollectible receivables is established based on historical collection experience and other relevant circumstances. The allowance for estimated uncollectibles at June 30, 2006, consists of the following amounts:

General Fund	<u>\$ 795,629</u>
Proprietary Funds:	
Department of Wastewater Operations	<u>\$ 53,926</u>

CITY OF KENNER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2006

NOTE F - SALES TAX

A sales tax of 8.75% for the period of July 1, 2005 through June 30, 2006 was collected on purchases in the City of Kenner (food and drugs are taxed at a 6% rate, and hotel/motel rooms at a 9% rate). Of the 8.75% total, 4.0% is levied by the state, and 4.75% by Jefferson Parish, for itself and other local government subdivisions within the Parish. The following table for parish taxes lists the effective year of each authorized tax rate, the Parish-wide tax rate (which includes $\frac{1}{6}\%$ retained by the Parish), the rate collected for the benefit of the Jefferson Parish School Board, and the rate collected for the benefit of the City of Kenner.

<u>Effective Date</u>	<u>Parish-Wide Rate</u>	<u>School Board Rate</u>	<u>City Rate</u>
1954	1%	$\frac{1}{2}\%$	$\frac{1}{2}\%$
1966	1%	$\frac{1}{2}\%$	$\frac{1}{2}\%$
1980	$\frac{1}{2}\%$	$\frac{1}{2}\%$	-
1981	$\frac{1}{2}\%$	-	$\frac{1}{3}\%$
1984	1%	-	1%
1993	$\frac{1}{2}\%$	$\frac{1}{2}\%$	-
1994	$\frac{1}{4}\%$	-	$\frac{1}{4}\%$
TOTAL	<u>$4\frac{3}{4}\%$</u>	<u>2%</u>	<u>$2\frac{7}{12}\%$</u>

The Jefferson Parish Sheriff's Office (a separate reporting entity) collects all parish taxes, except on motor vehicle sales, and retains 9.5 to 11 percent as a collection commission on the share going to local governments. The state collects parish taxes on motor vehicle sales, and remits them back to the Parish of registration.

The Sheriff prorates this motor vehicle tax back to the municipalities in proportion to the sales tax collected within each municipality. Taxes due on sales in a month must be remitted by the merchants to the Sheriff by the 20th of the following month. The Sheriff distributes these collections to the local governments approximately 30 days later.

NOTE G - AD VALOREM TAX

The ad valorem tax on real property is levied as of November 15th of each year. The tax becomes an enforceable lien on the property on the first day of the month following the filing of the tax rolls by the Assessor with the Louisiana Tax Commission (usually December 1st). The tax bills are mailed by the City in mid November and are due upon receipt. The taxes become delinquent on January 1st in the year after levy. The taxes are levied on property values determined by the Jefferson Parish Assessor's Office. All land and residential improvements are assessed at 10 percent of their fair market value and other property at 15 percent of its fair market value. Ad valorem taxes are levied (per \$1,000 assessed value) in varying amounts for maintenance and operation, debt service and capital improvements for the City. The number of mills levied for 2005, which are collected and reported as revenue for the fiscal year ended June 30, 2006 is as follows:

<u>FUND</u>	<u>2005 MILLS</u>
General Fund	2.75
Garbage Collection and Disposal Fund	2.12
Fire Department Fund	9.76
Department of Wastewater Operations Fund	1.51
Capital Projects for Road Bonds Fund	<u>7.79</u>
Total	<u>23.93</u>

CITY OF KENNER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2006

NOTE H - CAPITAL ASSETS

1. Capital asset activity for the fiscal year ended June 30, 2006 was as follows:

	<u>June 30, 2005</u>	<u>Additions</u>	<u>Reductions</u>	<u>Completed Construction</u>	<u>June 30, 2006</u>
Governmental Activities					
Capital assets not being depreciated:					
Land	\$ 9,549,153	\$ 125,225	\$ -	\$ -	\$ 9,674,378
Construction-in-progress	<u>13,927,712</u>	<u>4,851,642</u>	<u>48,347</u>	<u>(9,775,288)</u>	<u>8,955,719</u>
Total capital assets not being depreciated	<u>23,476,865</u>	<u>4,976,867</u>	<u>48,347</u>	<u>(9,775,288)</u>	<u>18,630,097</u>
Capital assets being depreciated:					
Buildings and building improvements	49,013,669	-	-	2,396,372	51,410,041
Improvements other than buildings	1,723,795	412,689	-	-	2,136,484
Street system	269,321,724	-	-	2,725,445	272,047,169
Drainage system	369,656,467	-	-	-	369,656,467
Furniture, Fixtures and Equipment	12,268,814	1,564,723	47,528	2,779,000	16,565,009
Vehicles	10,084,702	293,088	62,253	-	10,315,537
Bridges	<u>913,337</u>	<u>-</u>	<u>-</u>	<u>1,874,471</u>	<u>2,787,808</u>
Total capital assets being depreciated	<u>712,982,508</u>	<u>2,270,500</u>	<u>109,781</u>	<u>9,775,288</u>	<u>724,918,515</u>
Less accumulated depreciation for:					
Buildings and building improvements	24,979,848	865,887	-	-	25,845,735
Improvements other than buildings	194,437	111,899	-	-	306,336
Street system	127,431,605	7,923,205	-	-	135,354,810
Drainage system	233,684,292	10,119,112	-	-	243,803,404
Furniture, fixtures and equipment	8,265,908	1,152,654	41,248	-	9,377,314
Vehicles	7,586,020	876,584	62,253	-	8,400,351
Bridges	<u>285,059</u>	<u>18,547</u>	<u>-</u>	<u>-</u>	<u>303,606</u>
Total accumulated depreciation	<u>402,427,169</u>	<u>21,067,888</u>	<u>103,501</u>	<u>-</u>	<u>423,391,556</u>
Total capital assets being depreciated, net	<u>310,555,339</u>	<u>(18,797,388)</u>	<u>6,280</u>	<u>9,775,288</u>	<u>301,526,959</u>
Governmental activities capital assets net	<u>\$334,032,204</u>	<u>\$(13,820,521)</u>	<u>\$ 54,627</u>	<u>\$ -</u>	<u>\$320,157,056</u>

CITY OF KENNER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2006

NOTE H - CAPITAL ASSETS (CONTINUED)

	<u>June 30, 2005</u>	<u>Additions</u>	<u>Reductions/ Transfers</u>	<u>Completed Construction</u>	<u>June 30, 2006</u>
Business-Type Activities					
Capital assets not being depreciated:					
Land	\$ 3,798,726	\$ -	\$ -	\$ -	\$ 3,798,726
Construction-in-progress	<u>9,313,525</u>	<u>5,731,335</u>	<u>-</u>	<u>(2,407,933)</u>	<u>12,636,927</u>
Total capital assets not being depreciated	<u>13,112,251</u>	<u>5,731,335</u>	<u>-</u>	<u>(2,407,933)</u>	<u>16,435,653</u>
Capital assets being depreciated:					
Buildings and building improvements	83,711,145	2,160,175	4,189,162	2,407,933	84,090,091
Improvements other than buildings	1,702,498	-	-	-	1,702,498
Furniture, fixtures and equipment	16,250,167	319,894	479,005	-	16,091,056
Vehicles	<u>1,334,338</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,334,338</u>
Total capital assets being depreciated	<u>102,998,148</u>	<u>2,480,069</u>	<u>4,668,167</u>	<u>2,407,933</u>	<u>103,217,983</u>
Less accumulated depreciation for:					
Buildings and building Improvements	35,698,231	1,846,533	1,058,557	-	36,486,207
Improvements other than buildings	978,450	85,125	-	-	1,063,575
Furniture, fixtures and equipment	10,566,318	519,506	479,005	-	10,606,819
Vehicles	<u>1,201,387</u>	<u>54,099</u>	<u>-</u>	<u>-</u>	<u>1,255,486</u>
Total accumulated depreciation	<u>48,444,386</u>	<u>2,505,263</u>	<u>1,537,562</u>	<u>-</u>	<u>49,412,087</u>
Total capital assets being depreciated, net	<u>54,553,762</u>	<u>(25,194)</u>	<u>3,130,605</u>	<u>2,407,933</u>	<u>53,805,896</u>
Business-type activities capital assets, net	<u>\$ 67,666,013</u>	<u>\$ 5,706,141</u>	<u>\$ 3,130,605</u>	<u>\$ -</u>	<u>\$ 70,241,549</u>

CITY OF KENNER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2006

NOTE H - CAPITAL ASSETS (CONTINUED)

2. Depreciation expense was charged to functions/programs of the City as follows:

Governmental activities:

General government	\$ 568,080
Public safety	1,522,190
Public works	18,433,024
Culture and recreation	541,959
Health and Welfare	<u>2,635</u>

Total depreciation expense - governmental activities \$ 21,067,888

Business-type activities:

Wastewater Operations	\$ 1,980,237
Civic Center Operations	<u>525,026</u>

Total depreciation expense - business-type activities \$ 2,505,263

Construction in progress for governmental activities is comprised of the following:

	Project/Contract Authorization June 30, 2006	Expended to June 30, 2006	Committed	Required Future Financing
General government	\$ 290,288	\$ 95,188	\$ 195,100	\$ 195,100
Public works	4,855,085	4,311,884	543,201	543,201
Public safety	905,509	715,684	189,825	189,825
Culture and recreation	<u>4,285,483</u>	<u>3,832,963</u>	<u>452,519</u>	<u>452,519</u>
Total	<u>\$ 10,336,365</u>	<u>\$ 8,955,719</u>	<u>\$ 1,380,645</u>	<u>\$ 1,380,645</u>

3. Due to Hurricane Katrina, the Pontchartrain Civic Center incurred various property damage and received insurance proceeds to offset the losses. The net amount is included in the financial statements in gain (loss) on disposal of assets, and the breakdown is shown below:

Total insurance proceeds	\$ 3,807,229
Loss on building damage	<u>(3,130,604)</u>
Net Total	<u>\$ 676,624</u>

CITY OF KENNER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2006

NOTE 1 - LONG-TERM DEBT

1. GENERAL OBLIGATION, SPECIAL TAX AND EXCESS REVENUE BONDS

Long-term debt at June 30, 2006 includes the following serial bonds and certificates:

	Interest Rates	Final Maturity Date	Range of Annual Principal Payments		Amount Issued	Amount Outstanding
			From	To		
Sales Tax Bond, Series 2003	1.3 – 5.0%	6/01/2018	\$ 1,960,000	\$ 3,055,000	\$ 35,895,000	\$ 30,025,000
Sales Tax Bonds, Series 1994	2.95%	6/01/2016	540,000	740,000	11,427,803	6,525,000
Sales Tax Bonds, Series 1995A	2.95%	6/01/2016	65,000	90,000	1,462,875	795,000
Certificates of Indebtedness, Series 2000	5.375%	8/15/2010	860,000	1,155,000	9,000,000	4,235,000
Certificates of Indebtedness, Series 2001	3.25 – 4.10%	7/01/2011	130,000	200,000	<u>1,500,000</u>	<u>1,025,000</u>
Total Bonds and Certificates					<u>\$ 59,285,678</u>	<u>\$ 42,605,000</u>

Additional information pertaining to the foregoing bonds and certificates is as follows:

a. Sales Tax Bonds

The Sales Tax Bonds, Series 2003 and the Sales Tax Bonds, Series 1994 and 1995A are all obligations of the City. These bonds are secured by, and payable from the City's allocation of the proceeds of sales taxes collected pursuant to Louisiana Legislative Acts 188 of 1954 and 29 of 1966 collected and remitted by the Parish of Jefferson. At June 30, 2006, bonds outstanding were \$30,025,000, \$6,525,000 and \$795,000, respectively. The amount available in the Debt Service Funds was \$2,410,224.

The amounts outstanding for the Sales Tax Bonds, Series 1994 and 1995A represent the unpaid amounts drawn down as of June 30, 2006 through loans obtained from the Louisiana Department of Environmental Quality. These loans are secured by the Sales Tax Bonds, Series 1994 and 1995A.

The City has developed a Wastewater Compliance Plan as a result of an EPA Administrative Order to perform those tasks necessary for its three wastewater treatment plants to comply with the effluent limitations of their discharge permits. In July 1994, the City obtained approval for a loan in the amount of \$11,430,000 from the Louisiana Department of Environmental Quality (LDEQ), of which \$11,427,830 was actually received. The loan will be repaid over a period of twenty years commencing with the completion of the project. Interest payments and an administrative fee is payable semi-annually at a rate of 2.45% and .50%, respectively, based on the total amounts drawn on the loan. At June 30, 2006, the loan had an outstanding balance of \$6,525,000. Total interest and administrative fees paid during the year ended June 30, 2006 were \$173,460 and \$35,400, respectively.

CITY OF KENNER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2006

NOTE 1 - LONG-TERM DEBT (CONTINUED)

1. GENERAL OBLIGATION, SPECIAL TAX AND EXCESS REVENUE BONDS

a. Sales Tax Bonds (Continued)

Due to the shortage of funding, in April 1995 the City obtained approval for a second Louisiana Department of Environmental Quality loan in the amount of \$3,395,000, of which \$1,462,875 was actually received. The loan will be repaid over a period of twenty years commencing with the completion of the project. The characteristics of this second loan are similar to those noted on the first loan above. At June 30, 2006, the loan had an outstanding balance of \$795,000. Total interest and administrative fees paid during the year ended June 30, 2006 were \$21,193 and \$4,325, respectively.

The funding necessary to service these loans was obtained from the dedication of the 1954 (1/2 cent) and 1966 (1/2 cent) sales tax revenues.

b. Excess Revenue Bonds

Certificates of Indebtedness Series 2000 were issued for the purpose of refunding the outstanding Certificates of Indebtedness, Series 1996A and 1996B, and providing funds to match certain grants for capital improvements to the City's sewer system and planetarium in Rivertown. At June 30, 2006, bonds outstanding were \$4,235,000.

Certificates of Indebtedness Series 2001 were issued for the purchase of land in the Laketown area. At June 30, 2006, bonds outstanding were \$1,025,000. The amount available in the Debt Service Funds was \$1,609,749.

2. FIREMEN'S PENSION MERGER PAYABLE

In March 1998, the required three-fourths vote of the active and inactive members approved the merger with the Firefighters Retirement System ("FRS"). Approval of the merger was received from the FRS and the Joint Retirement Committee. The City Council approved the merger in December 1998 and signed an agreement with SFRS on March 25, 1999 regarding the payment of the merger liability. The final merger liability as of March 27, 1999 was \$14,050,233, which represents 60% of the accrued liability for active employees (\$6,301,446) and 100% of the accrued liability for retired employees (\$7,748,787). The Fund transferred assets in the amount of \$11,130,143 to the FRS to pay the merger liability. The value of the transferred assets for purposes of the merger as discounted from the date of receipt to the merger date of March 27, 1999, at the system's actuarial valuation interest rate of 7% was \$11,089,495. The remaining liability of \$2,960,738 plus interest at the rate of 7% per annum was assumed by the City of Kenner to be paid over 30 years.

At June 30, 2006, \$340,234 was available in the Firemen's Pension Merger Fund (Debt Service Fund). The City has split the liability to be amortized into two components as follows:

\$1,190,000 of the liability is payable monthly at a rate of 7%. The monthly payments including interest are \$7,917. At June 30, 2006, the merger payable for this component had a total outstanding balance of \$1,079,892.

\$1,770,738 of the liability is payable annually at a rate of 7%. The annual payments including interest are \$142,697. At June 30, 2006, the merger payable for this component had a total outstanding balance of \$1,608,511.

The funding necessary to service this merger payable was obtained from the dedication of the fire insurance tax received from the State of Louisiana and the reduction in the City's contribution rate under the Statewide Plan.

CITY OF KENNER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2006

NOTE 1 - LONG-TERM DEBT (CONTINUED)

3. LOUISIANA COMMUNITY DEVELOPMENT AUTHORITY LOAN

In 2003, the City executed a loan agreement with the Louisiana Local Government Environmental Facilities and Community Development Authority (the "LCDA") for the purpose of providing funding for acquisition, construction, and maintenance of roads within the City. The LCDA Revenue Bonds (Kenner Road Project) Series 2003 authorized a loan amount of \$22,000,000. Loan Proceeds of \$22,000,000 were received in April 2003. As of June 30, 2006, \$18,475,000 of such loans were outstanding and \$11,334 was available in Debt Service Funds.

4. MORTGAGE PAYABLE

In June 1978, City of Kenner obtained a loan in the amount of \$40,000 at an interest rate of 9.75% for the purchase of land and an existing building. This loan is accounted for in the Wastewater Operations Enterprise Fund. At June 30, 2006, the mortgage payable had an outstanding balance of \$4,751.

5. GENERAL DEBT

a. Capital Lease Obligations

The City has capital lease obligations on various facilities and equipment. See Note O - Lease Commitments - General.

b. Compensated Absences

General

All employees, except police and fire employees, earn sick leave at the following rates:

Full time employees:	1 day/month not to exceed 12 days/year
Regular part time employees:	1/2 day/month not to exceed 6 days/year

Employees earn annual leave in varying amounts according to years of service as follows:

<u>Service (years)</u>	<u>Amount</u>
Full time employees:	
0 - 5	1 day/month
5 - 10	1 1/2 day/month
over 10	2 days/month
Regular part time employees:	
0 - 5	1/2 day/month
5 - 10	3/4 day/month
over 10	1 day/month

Employees are required to use their annual leave during the calendar year following the year in which it is earned. Annual leave not used by December 31 of the calendar year is determined for each employee. Half of this leave is lost and half is carried forward to be paid upon separation of service. This carryforward time is not available to be taken as annual leave in future periods. Annual leave is payable upon separation of service. Sick leave is accumulated without time limitation and is payable up to a maximum of 90 days upon retirement or death.

In accordance with Statement No. 16 of the Governmental Accounting Standards Board, "Accounting for Compensated Absences", an additional liability is recorded for salary related payments associated with the future payment of compensated absences. Such salary related payments consist of the City's portion of Medicare tax withholding.

CITY OF KENNER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2006

NOTE 1 - LONG-TERM DEBT (CONTINUED)

5. GENERAL DEBT (CONTINUED)

For governmental activities, compensated absences are generally liquidated by the general fund, community development fund, roads and bridges fund, street lighting fund, and fire department fund.

Fire Department

Firefighters receive 18 days of annual leave after one year of service. After 10 years of service employees receive one additional day of annual leave for each additional year of service to a maximum of 30 days per year. Vacation time not used by December 31 is lost.

Firefighters receive 90 days of sick leave when they join the Department. Any sick time taken is applied against this accumulation. At retirement, the employee is paid for any unused sick leave up to a maximum of 90 days. Employees receive 365 days of sick leave with medical determination.

Police Department

Police personnel earn annual leave in varying amounts according to years of service as follows:

<u>Years</u> <u>Service</u>	<u>Civil</u> <u>Service</u> <u>Amount</u>
0 - 1 Year	- 0 -
1 - 10 Years	15 Days
10 - 20 Years	20 Days
Over 20 Years	25 Days

Non-civil service employees earn annual leave as previously detailed for general employees of the City.

These hours are accrued on January 1st, and are for use only in the calendar year. Hours not taken by December 31st are lost. If an employee terminates employment, they are paid for the annual leave they have remaining on the books.

Police personnel earn sick leave at the following rates:

Full time employees:	8 hours/month not to exceed 12 days (96 hours)/year
Regular part time employees:	1/2 day (4 hours)/month not to exceed 6 days (48 hours)/year

Upon retirement, employees are entitled to receive pay for accrued, unused sick leave days up to a maximum of 90 days.

CITY OF KENNER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2006

NOTE 1 - LONG-TERM DEBT (CONTINUED)

6. CHANGES IN LONG-TERM DEBT

The following is a summary of long-term debt transactions of the City for the year ended June 30, 2006:

	<u>Balance</u> <u>6/30/2005</u>	<u>Issues or</u> <u>Additions</u>	<u>Payments or</u> <u>Expenditures</u>	<u>Discount/</u> <u>(Premium)</u>	<u>Balance</u> <u>6/30/2006</u>	<u>Due within</u> <u>One Year</u>
Governmental Activities						
Sales Tax Revenue Bonds	\$ 41,025,198	\$ -	\$ 2,585,000	\$ (141,395)	\$ 38,298,803	\$2,825,653
Certificate of Indebtedness	6,315,000	-	1,055,000	-	5,260,000	1,115,000
Note Payable	2,735,204	-	46,801	-	2,688,403	50,152
LCDA Series 2003 Loan	19,926,077	-	1,175,000	(36,436)	18,714,641	1,268,937
Capital Lease Obligations	120,184	-	95,317	-	24,867	24,867
Compensated Absences	<u>3,294,488</u>	<u>1,202,389</u>	<u>240,478</u>	<u>-</u>	<u>4,256,399</u>	<u>2,064,820</u>
Total Government Activities	<u>73,416,151</u>	<u>1,202,389</u>	<u>5,197,596</u>	<u>(177,831)</u>	<u>69,243,113</u>	<u>7,349,429</u>
Business-Type Activities						
Mortgage Payable	<u>8,271</u>	<u>-</u>	<u>3,520</u>	<u>-</u>	<u>4,751</u>	<u>3,879</u>
Total Business-Type Activities	<u>8,271</u>	<u>-</u>	<u>3,520</u>	<u>-</u>	<u>4,751</u>	<u>3,879</u>
Total Governmental and Business-Type Activities	<u>\$ 73,424,422</u>	<u>\$ 1,202,389</u>	<u>\$ 5,201,116</u>	<u>\$ (177,831)</u>	<u>\$ 69,247,864</u>	<u>\$7,353,308</u>

The annual requirements to maturity for sales tax bonds as of June 30, 2006 are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 2,695,000	\$ 1,353,893
2008	2,820,000	1,232,263
2009	2,905,000	1,147,264
2010	2,980,000	1,066,616
2011	3,075,000	977,714
2012-2016	16,890,000	3,358,766
2017-2018	<u>5,980,000</u>	<u>409,838</u>
	<u>\$ 37,345,000</u>	<u>\$ 9,546,354</u>

The annual requirements to maturity for certificates of indebtedness as of June 30, 2006 are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 1,115,000	\$ 263,131
2008	1,180,000	205,705
2009	1,250,000	144,890
2010	1,330,000	80,374
2011	185,000	11,633
2012	<u>200,000</u>	<u>4,100</u>
	<u>\$ 5,260,000</u>	<u>\$ 709,833</u>

CITY OF KENNER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2006

NOTE 1 - LONG-TERM DEBT (CONTINUED)

6. CHANGES IN LONG-TERM DEBT (CONTINUED)

The annual requirements to maturity for the Firemen's Pension Merger Payable as of June 30, 2006 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 50,152	\$ 187,551
2008	53,709	183,994
2009	57,517	180,186
2010	61,596	176,109
2011	65,965	171,738
2012-2016	406,998	781,515
2017-2021	573,311	615,202
2022-2026	807,607	380,905
2027-2029	<u>611,518</u>	<u>77,843</u>
	<u>\$ 2,688,373</u>	<u>\$ 2,755,043</u>

The annual requirements to maturity for the LCDA Series 2003 Loan as of June 30, 2006 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 1,235,000	\$ 746,845
2008	1,295,000	691,158
2009	1,350,000	642,358
2010	1,390,000	593,833
2011	1,440,000	539,855
2012-2016	8,060,000	1,815,280
2017-2018	<u>3,705,000</u>	<u>244,365</u>
	<u>\$ 18,475,000</u>	<u>\$ 5,273,694</u>

The annual requirements to maturity for the mortgage payable as of June 30, 2006 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 3,879	\$ 190
2008	<u>872</u>	<u>-</u>
	<u>\$ 4,751</u>	<u>\$ 190</u>

7. COMPLIANCE

There are a number of limitations and restrictions contained in the various bond indentures. The City is in compliance with all significant limitations and restrictions, including federal arbitrage regulations.

CITY OF KENNER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2006

NOTE J - RESERVATIONS AND DESIGNATIONS OF FUND BALANCE

The nature and purpose of the reserves and designations as presented in the fund financial statements are as follows:

Reserved for Encumbrances

This reserve was established for outstanding purchase orders and other commitments for unperformed contracts for goods and services which the City intends to honor.

Reserved for Inventory

This reserve was established as an offset against the asset, inventory, because it does not constitute an available spendable resource of the General Fund.

Reserved for Prepaid Items

This reserve was established as an offset against the asset, prepaid items, because it does not constitute an available spendable resource of the General Fund.

Reserved for Restricted Expenditures

This reserve was created to restrict the use of all resources remaining in the Special Assessment Funds included in the General Fund. The restriction is mandated by the terms of the bond indentures in that the amounts on hand are to be used only for similar projects in the assessment area.

Reserved for Debt Service

This reserve represents the amounts reserved for payment of principal and interest maturing in future years.

Reserved for Hurricane Damage Repairs

This reserve represents the amounts received from FEMA and through insurance proceeds to pay for hurricane damage repairs not yet made.

Designated for Subsequent Years' Expenditures

This designation represents the expenditures budgeted in 2006-2007, paid from funds remaining in 2005-2006.

Designated for Capital Additions and Improvements

The proceeds of various bond issues and the interest earned on the investment thereof are designated for capital projects in the various capital projects funds to the extent that such amount has not been reserved for encumbrances.

NOTE K - INTEREST COST

Interest expense incurred in the business-type activities during the year was as follows:

	DEPARTMENT OF WASTEWATER OPERATIONS	CIVIC CENTER OPERATIONS
Interest expense	\$ 652	\$ -

CITY OF KENNER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2006

NOTE L - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

A summary of interfund transfers at June 30, 2006 are as follows:

	<u>Transfer In:</u>								
	<u>General Fund</u>	<u>Garbage Collection & Disposal</u>	<u>Fire Protection Fund</u>	<u>General Debt</u>	<u>General Capital Projects</u>	<u>Capital Projects Funded With Bond Proceeds</u>	<u>Nonmajor Governmental</u>	<u>Wastewater Operations</u>	<u>Total</u>
Transfer Out:									
General Fund	\$ -	\$ 939,281	\$1,759,781	\$ -	\$5,006,716	\$ -	\$ 153,740	\$ 903,228	\$ 8,762,746
One Percent Sales Tax of 1984 Fund	10,359,433	186,930	928,949	-	-	-	1,768,829	-	13,244,141
Garbage Collection	226,525	-	-	-	-	-	-	-	226,525
General Debt	-	-	-	-	198,055	-	-	-	198,055
General Capital Projects	273,722	-	-	1,571,289	-	300,000	599	-	2,145,610
Total	<u>\$10,859,680</u>	<u>\$1,126,211</u>	<u>\$2,688,730</u>	<u>\$1,571,289</u>	<u>\$5,204,771</u>	<u>\$ 300,000</u>	<u>\$ 1,923,168</u>	<u>\$ 903,228</u>	<u>\$24,577,077</u>

Transfers are primarily used to move funds from:

General Fund – to the Garbage Collection & Disposal Fund for garbage collection and debris removal expenditures, to the Fire Protection Fund for communication expenditures, to the General Capital Projects the gaming revenues dedicated for capital projects and to the Wastewater Operations Fund to cover revenue shortfalls and equipment purchases.

One Percent Sales Tax of 1984 Fund - to the General, Garbage Collection & Disposal, and Fire Protection Funds to reimburse losses from homestead exemption and to pay expenditures for the Roads & Bridges and Street Lighting Funds.

Garbage Collection & Disposal Fund – to the General Fund for hurricane repair expenditures.

General Debt - to the General Capital Projects Funds the available reserve funds rebudgeted for various capital projects.

General Capital Projects - to the General Debt Fund the 25% of riverboat revenues dedicated to debt service, to the General Fund for unspent funds and to the Capital Projects Funded with Bond Proceeds Funds to transfer expenditures from one capital project fund to another.

The composition of interfund balances as of June 30, 2006, is as follows:

Due to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	One Percent Sales Tax of 1984 Fund	\$ 2,353,282
	Garbage Collection	4,088,198
	Fire Protection	548,250
	General Capital Projects	70,766
	Capital Projects Funded with Bond Proceeds	1,420,721
	Wastewater	140,243
	Nonmajor governmental funds	66,933
One Percent Sales Tax of 1984 Fund	Nonmajor governmental funds	66,854

CITY OF KENNER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2006

NOTE L - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)

Garbage Collection	General Fund	164,658
	One Percent Sales Tax of 1984 Fund	16,230
Fire Protection Fund	General Fund	743,811
	One Percent Sales Tax of 1984 Fund	133,964
General Debt Fund	Capital Projects Funded with Bond Proceeds	625,710
General Capital Projects	General Fund	1,667,058
Capital Projects Funded with Bond Proceeds	General Fund	302,353
	General Capital Projects	300,000
Wastewater Operations	General Fund	117,295
Nonmajor Governmental Funds	General Fund	422,320
	One Percent Sales Tax of 1984 Fund	29,727
Internal Service Funds	General Fund	534,538
	Fire Protection	<u>76,091</u>
		<u>\$ 13,889,002</u>

The above due to/from other funds were short-term receivables or payables in the normal course of the City's operations.

NOTE M - TREASURE CHEST RIVERBOAT CASINO AGREEMENT

The City of Kenner and Treasure Chest Casino, L.L.C. entered into a lease of property in Laketown, Kenner on December 3, 1993 for Treasure Chest Casino, L.L.C.'s riverboat gaming operations. The term of the lease is divided into three phases, an Initial Term, a Primary Term, and at the Lessee's option, one or more Renewal Terms. The "Initial Term" of the lease began on the date of execution and continued until July 1, 1994. The "Primary Term" of the lease was for five years beginning on July 1, 1994 and the Lessee has the option to extend the term of this lease for six additional Renewal Terms of five years each. Lease payments to the City include a minimum annual rent ("Base Rent") determined by multiplying the actual number of passengers during the first three quarters of the prior fiscal year by \$2.50. In addition to the Base Rent, the Lessee shall pay to the City an amount equal to \$2.50 for each passenger in excess of the number of passengers used to determine the Base Rent for that particular year ("Per Capita Rent"). In addition to the Base Rent and Per Capita Rent, the Lessee pays the City the "Percentage Rent" in an amount equal to the greater of 1% of its net gaming proceeds and any admission fees in excess of \$10.00 per passenger or the "minimum percentage rent". The Minimum Percentage Rent equals the Percentage Rent for the first three quarters of the preceding base fiscal year. Such Percentage Rent shall be used to subsidize City projects such as City Recreational Facilities, City Playgrounds, Tourism Advertisement and Brochures, Convention Center/Hotel Shuttle, Trolley Transportation, City Museums, Alzheimer's Center Operations, City Sponsored Summer Camps, and City Senior Citizens Activities. Any funds remaining shall be dedicated to City capital projects.

The Kenner Police Department is entitled to 24% of all lease revenues received by the City. Additionally, the lessee agrees to pay to the Kenner Police Department the greater of \$400,000 or 1% of net gaming proceeds.

In September 1994, the riverboat casino began operations.

CITY OF KENNER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2006

NOTE N - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To account for and finance its uninsured risks of loss, the City has established a Self-Insurance Fund (an internal service fund). Under this program, the Self-Insurance Fund provides coverage for up to a maximum of \$250,000 for each general liability claim with commercial insurance for claims in excess of coverage provided by the fund up to \$10,000,000; \$250,000 for each auto liability claim with commercial insurance for claims in excess of coverage provided by the fund up to \$10,000,000; and \$300,000 for each worker's compensation claim with commercial insurance for claims in excess of coverage provided by the fund up to \$1,000,000. The City purchases commercial insurance for all other risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

Also, the Fund provides coverage for auto/physical damage which requires a \$1,000 deductible per department per occurrence. The remaining balance on the claim is paid by the Fund.

All funds of the City with employees, except for the Department of Wastewater Operations and the Civic Center Operations Funds, participate in the program and make payments to the fund based on an actuarial valuation dated November 2003 adjusted by the actual performance of the programs using historical experience. The claims liability of \$2,939,581 (which includes claims incurred but not reported in the Fund at June 30, 2006) is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Governmental Accounting Standards Board Statement No. 30, "*Risk Financing Omnibus - An Amendment of GASB Statement No. 10*", requires that specific, incremental claim adjustment expenses and estimated recoveries be considered in calculating the claims liability.

Changes in the balances of claims liabilities during fiscal years 2004, 2005, and 2006 were as follows:

	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year End</u>
2003 - 2004	\$ 1,973,031	\$ 1,651,425	\$ (1,017,518)	\$ 2,606,938
2004 - 2005	2,606,938	1,385,009	(1,007,613)	2,984,334
2005 - 2006	2,984,334	912,048	(956,801)	2,939,581

HEALTH INSURANCE

The City provides health and accident insurance to its employees through health maintenance organizations (HMO's) and commercial insurance carriers. The City has no additional liability other than the initial premiums.

NOTE O - COMMITMENTS AND CONTINGENCIES

LITIGATION

The City is a defendant in a number of claims and lawsuits resulting principally from personal injury and property damage. The City Attorney and outside counsel have reviewed these claims and lawsuits in order to evaluate the likelihood of an unfavorable outcome to the City and to arrive at an estimate, if any, of the amount or range of potential loss to the City. As a result of such review, the various claims and lawsuits have been categorized into "probable", "reasonably possible", and "remote" contingencies as defined in GASB Codification C50. The City's "reasonably possible" loss contingencies have been estimated to range from \$371,000 to \$426,500, which has not been accrued in these financial statements. All probable claims have been accrued as liabilities in the City's Self-Insurance Fund (see Note N for additional details) and General Fund.

CITY OF KENNER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2006

NOTE O - COMMITMENTS AND CONTINGENCIES (CONTINUED)

FEDERALLY ASSISTED PROGRAMS

The City receives significant financial assistance from numerous federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements. The programs are audited in accordance with the Single Audit Act of 1984 and 1996 Amendments and also subject to further examination by the grantor agency. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements.

EPA ADMINISTRATIVE ORDER

On November 30, 1990, the United States Environmental Protection Agency (EPA) issued the City an Administrative Order for sewerage effluent violations. As a result, the City has initiated a sewer rehabilitation project for which costs are approximately \$15 million. Failure to comply with the provisions of the Order could result in monetary fines or an EPA administrative penalty. See Note I for additional information regarding the financing of the sewer rehabilitation project.

AGREEMENT FOR OPERATIONS, MAINTENANCE AND MANAGEMENT SERVICES OF THE KENNER WASTEWATER COLLECTION AND TREATMENT SYSTEMS

In July 1995, the City entered into an agreement with Veolia Water North America Operating Services, LLC, (formerly Professional Services Group, Inc. (PSG) and US Filter Operating Services, Inc.) for the management, operation and maintenance of the Wastewater Collection and Treatment Systems. PSG offered employment to all personnel of Kenner who were currently assigned full-time to the Wastewater Department. In July 1999, the agreement was amended and restated. In accordance with the agreement dated July 1999, compensation from the City of Kenner consists of an annual fee (\$2,744,264), funding the Kenner Budget Pass-Through Fund (\$817,567) and payment of electrical invoices. The term of this agreement is for 20 years commencing on July 1, 1995 with the option for four, five-year renewal periods. The annual fee and Kenner Budget Pass-Through Fund will be adjusted annually either by negotiation or in accordance with the CPI Adjustment Formula as stipulated in the agreement.

CITY OF KENNER FIREFIGHTERS

A class-action lawsuit was filed on behalf of all firefighters employed by the City from 1981 through the present. The suit asserts that over the years the City improperly calculated longevity pay and seeks to recover back pay for the class, including costs and attorney's fees. The City plans a vigorous defense. To date, no class has been certified. An adverse judgment in this matter could have a material adverse impact on the city's financial position; however, outside counsel is unable to give an opinion on the outcome of this lawsuit at this time.

CONSTRUCTION

Construction commitments are discussed in Note I.

CITY OF KENNER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2006

NOTE O - COMMITMENTS AND CONTINGENCIES (CONTINUED)

LEASE COMMITMENTS - GENERAL

Leases are accounted for in accordance with GASB Codification Section L20-Leases, which requires classification of leases as capital or operating leases. Governmental fund assets under capital leases are recorded in the government-wide financial statements.

Capital Lease

The City entered into a Municipal Lease and Option Agreement for the purchase of various equipment to be leased/purchased by the City. On September 11, 1996, a lease/purchase and escrow addendum was made to the original lease/purchase agreement dated December 7, 1995. Monthly payments began in October 1996 for a term of 10 years with payments of \$8,384 per month. Funding for the lease payments will result from the energy savings derived from the installation of such equipment. The cost and accumulated depreciation of the asset held under the lease are \$722,005 at June 30, 2006.

The following is a schedule of the future minimum lease payments under the capital lease together with the present value of the minimum lease payments as of June 30, 2006.

<u>Year Ending</u> <u>June 30,</u>	<u>Governmental</u> <u>Funds</u>
2007	\$ 25,153
Total minimum lease payments	25,153
Less amount representing interest	<u>285</u>
Present value of future minimum lease payments	\$ <u>24,868</u>

Operating leases

The City is committed under various leases for buildings and office equipment. These leases are considered for accounting purposes to be operating leases. Lease expenditures for the year ended June 30, 2006 amounted to \$183,161. Future minimum lease payments for these leases are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Amounts</u>
2007	\$ 144,823
2008	<u>33,948</u>
Total minimum lease payments	\$ <u>178,771</u>

NOTE P - DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

In 1996, the U.S. Congress passed the Small Business Job Protection Act of 1996, which requires that employer governments place all amounts deferred under IRC Section 457 into a trust for the exclusive benefit of participants and their beneficiaries. In previous years, these assets were solely the property of the City and subject to claims of the City's general creditors, and were reported in the City's financial statements. In a prior year, the City amended its plan to comply with the requirements of the Act. Thus, the City no longer has ownership of the Plan assets and they are no longer reported in the City's financial statements.

CITY OF KENNER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2006

NOTE Q - POSTEMPLOYMENT BENEFITS

In addition to the pension benefits described in Note R, the City provides postretirement health care benefits to all retirees with 20 years or more of service, and life insurance benefits to eligible retirees under age 70. These benefits are authorized by City resolution. Expenditures for postretirement health care and life insurance benefits are recognized as the premiums are paid by the City, which is required to pay only the retirees' portion. The retiree must pay the portion of the premium related to any dependents. At June 30, 2006, 90 retirees were eligible and were receiving such health care benefits. Total health care premiums amounted to \$426,459, of which \$303,041 (71%) was paid by the City and \$123,418 (29%) was paid by the retirees for the year ended June 30, 2006. Life insurance premiums paid by the City for 105 eligible retirees amounted to \$4,257 for the year-ended June 30, 2006. These post retirement health care and life insurance benefits are not accounted for as a defined benefit pension plan thus Governmental Accounting Standards Board Statement No. 26 *"Financial Reporting for Postemployment Healthcare Plans Administered by Defined Benefit Pension Plans"* does not apply.

NOTE R - PENSION PLANS

GENERAL

The City reporting entity participates in three defined benefit pension plans. Assets are held separately and may be used only for the payment of benefits to the members of the respective plans, as follows:

Substantially all of the City's full-time, permanent employees, other than classified employees in the Kenner Fire Department and Kenner Police Department are participants in the Municipal Employees' Retirement System, State of Louisiana (the Municipal Plan), a cost-sharing, multiple-employer defined benefit plan.

All full-time classified employees of the Police Department of the City are participants in the Municipal Police Employees Retirement System (the Police Plan), a cost-sharing, multiple-employer defined benefit plan.

All full-time classified employees of the Fire Department of the City are participants in the Firefighters Retirement System ("FRS"), a cost-sharing, multiple-employer defined benefit plan.

PLAN DESCRIPTIONS

Municipal Employees' Retirement System, State of Louisiana (The Municipal Plan)

Employees of the City participate in Plan A of the Municipal Plan. Under the Municipal Plan, employees with 10 years of service may retire at age 60 and employees with 25 years of service may retire regardless of age. In addition, employees may also retire with 20 years of service regardless of age; however, the benefits payable to such employees must be actuarially reduced. The monthly amount of the retirement allowance is equal to 3 percent of the member's final compensation multiplied by his years of creditable service. Retirement benefits are payable monthly for the life of the retiree, and upon the retiree's death, under certain conditions, are payable to the surviving spouse. The Municipal Plan retirement information in this Note is provided as of the latest actuarial valuation, June 30, 2006. The Municipal Employees' Retirement System of Louisiana issues a publicly available financial report that includes financial statements and required supplementary information. The financial report may be obtained from the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court. For the year ended June 30, 2006, the employer's contribution rate was 16%. Effective July 1, 2006, the employer's contribution rate increased to 16.25%.

CITY OF KENNER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2006

NOTE R - PENSION PLANS (CONTINUED)

PLAN DESCRIPTIONS (CONTINUED)

Municipal Police Employees Retirement System (The Police Plan)

Members of the Police Plan are eligible for normal retirement after they have been a member of the plan for one year, if they have 25 years of service at any age or they have 20 years service and are age 50 or have 12 years service and are age 55. Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211 - 11:2233. The monthly retirement benefit is equal to $3\frac{1}{3}$ percent of the member's average monthly earnings during the highest consecutive 36 months, multiplied by years of creditable service, not to exceed 100 percent of final salary. Retirement benefits are payable monthly to the retiree, and upon the death of the retiree, under certain conditions, are payable to the surviving spouse and minor children. The Police Plan retirement information in this Note is provided as of the latest actuarial valuation, June 30, 2006. The Municipal Police Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. The financial report may be obtained from the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court. For the year ended June 30, 2006, the employer's contribution rate was 15.25%. Effective July 1, 2006, the employer's contribution rate increased to 15.50%.

The Firefighters Retirement System (FRS)

Under FRS, employees with 20 or more years of service who have attained age 50 or employees who have 12 years of service who have attained age 55 or 25 years of service at any age are entitled to annual pension benefits equal to $3\frac{1}{3}$ % of their average final compensation based on the 36 consecutive months of highest pay multiplied by their total years of service, not to exceed 100%. Retirement benefits are payable monthly to the retiree, and upon the death of the retiree, under certain circumstances, are payable to the surviving spouse and minor children.

The Firefighters Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. It may be obtained from the Firefighters Retirement System, 3100 Brentwood Drive, Baton Rouge, LA 70809.

The employer's contribution rate for FRS was 18% for July 1, 2005 through June 30, 2006. Effective July 1, 2006, the employer's contribution rate decreased to $15\frac{1}{2}$ %.

COVERED PAYROLL

The total payroll and the covered payroll, for each of the plans for the year ended June 30, 2006 were as follows:

	<u>Total</u>	<u>Covered</u>
Municipal Plan	\$ 11,562,932	\$ 11,090,620
Police Plan	10,619,748	6,412,131
Firefighters Retirement System	5,198,503	4,603,875

CURRENT MEMBERSHIP

Total membership data for the Municipal Plan, Police Plan and Statewide Firefighters Retirement System plans, are available in the separately issued reports, but is not available by individual employer.

CITY OF KENNER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2006

NOTE R - PENSION PLANS (CONTINUED)

CONTRIBUTIONS REQUIRED AND MADE

Member and employer contributions are established by state statute for all plans.

Contributions required and made for the Municipal Plan, a cost-sharing multiple-employer plan were as follows:

<u>Year Ended June 30,</u>	<u>Annual Required Contribution</u>	<u>City</u>		<u>Employees</u>		<u>Total</u>
		<u>Actual Contribution</u>	<u>% of Covered Payroll</u>	<u>Actual Contribution</u>	<u>% of Covered Payroll</u>	<u>% Contributed</u>
2004	2,016,382	1,105,919	11.00	910,463	9.25	100%
2005	2,548,739	1,595,398	15.00	953,341	9.25	100%
2006	2,735,853	1,766,811	16.00	969,043	9.25	100%

Contributions required and made for the Police Plan, a cost-sharing multiple-employer plan were as follows:

<u>Year Ended June 30,</u>	<u>Annual Required Contribution</u>	<u>City</u>		<u>Employees</u>		<u>Total</u>
		<u>Actual Contribution</u>	<u>% of Covered Payroll</u>	<u>Actual Contribution</u>	<u>% of Covered Payroll</u>	<u>% Contributed</u>
2004	1,726,136	1,162,612	15.25	563,524	7.50	100%
2005	2,020,777	1,507,757	21.50	513,020	7.50	100%
2006	1,641,221	1,136,750	15.50	504,470	7.50	100%

Contributions required and made for the Statewide Firefighters Retirement System, a cost-sharing multiple-employer plan were as follows:

<u>Year Ended June 30,</u>	<u>Annual Required Contribution</u>	<u>City</u>		<u>Employees</u>		<u>Total</u>
		<u>Actual Contribution</u>	<u>% of Covered Payroll</u>	<u>Actual Contribution</u>	<u>% of Covered Payroll</u>	<u>% Contributed</u>
2004	569,052	301,263	9.00	267,789	8.00	100%
2005	833,534	525,526	9.00-24.00	308,008	8.00	100%
2006	1,218,105	849,895	22.25-18.00	368,210	8.00	100%

REQUIRED SUPPLEMENTARY INFORMATION - PART II

CITY OF KENNER, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2006

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGETARY AMOUNTS		VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
				ORIGINAL BUDGET	FINAL BUDGET	
REVENUES						
Taxes	\$ 29,782,833	\$ -	\$ 29,782,833	\$ 27,534,331	\$ 28,534,331	\$ 1,248,502
Licenses and permits	2,681,243	-	2,681,243	2,812,847	2,812,847	(131,604)
Intergovernmental	10,970,784	(3,597,983)	7,372,801	1,511,092	6,648,446	724,355
Charges for services	546,512	-	546,512	731,186	731,186	(184,674)
Fines and forfeitures	1,470,243	-	1,470,243	2,497,759	1,447,759	22,484
Interest on invested funds	119,953	(10,888)	109,065	83,000	83,000	26,065
Miscellaneous	306,486	(97,634)	208,852	302,539	302,539	(93,687)
Total revenues	45,878,054	(3,706,505)	42,171,549	35,472,754	40,560,108	1,611,441
EXPENDITURES						
General government	15,049,360	(2,805,602)	12,243,758	9,503,685	11,874,157	(369,601)
Public safety	17,518,354	782,073	18,300,427	16,771,967	18,566,166	265,739
Public works	4,165,619	445,522	4,611,141	4,400,250	4,758,648	147,507
Health and welfare	768,738	821	769,559	763,509	785,600	16,041
Culture and recreation	5,090,331	44,295	5,134,626	5,530,690	5,632,519	497,893
Transit and urban development	343,785	-	343,785	457,771	457,771	113,986
Total expenditures	42,936,187	(1,532,891)	41,403,296	37,427,872	42,074,861	671,565
Excess (deficiency) of revenues over (under) expenditures	2,941,867	(2,173,614)	768,253	(1,955,118)	(1,514,753)	2,283,006
OTHER FINANCING SOURCES (USES)						
Operating transfers in	10,859,681	-	10,859,681	8,417,731	9,319,731	1,539,950
Operating transfers out	(8,762,746)	-	(8,762,746)	(6,912,610)	(8,612,610)	(150,136)
Total other financing sources (uses)	2,096,935	-	2,096,935	1,505,121	707,121	1,389,814
Net change in fund balance	5,038,802	(2,173,614)	2,865,188	(449,997)	(807,632)	3,672,820
Fund balance - beginning of year	10,373,865	2,623,366	12,997,231	12,997,231	12,997,231	-
Fund balance - end of year	\$ 15,412,667	\$ 449,752	\$ 15,862,419	\$ 12,547,234	\$ 12,189,599	\$ 3,672,820

CITY OF KENNER, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ONE PERCENT SALES TAX OF 1984 FUND
Year Ended June 30, 2006

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGETARY AMOUNTS		VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
				ORIGINAL BUDGET	FINAL BUDGET	
REVENUES						
Taxes:						
Sales tax	\$ 13,244,141	\$ -	\$ 13,244,141	\$ 11,239,437	\$ 12,389,437	\$ 854,704
Total revenues	13,244,141	-	13,244,141	11,239,437	12,389,437	854,704
EXPENDITURES						
Personnel	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Service charges	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
Total expenditures	-	-	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	13,244,141	-	13,244,141	11,239,437	12,389,437	854,704
OTHER FINANCING SOURCES (USES)						
Transfers out	(13,244,141)	-	(13,244,141)	(11,239,437)	(12,389,437)	(854,704)
Net change in fund balance	-	-	-	-	-	-
Fund balance - beginning of year	-	-	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

CITY OF KENNER, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GARBAGE COLLECTION AND DISPOSAL FUND
Year Ended June 30, 2006

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGETARY AMOUNTS		VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
				ORIGINAL BUDGET	FINAL BUDGET	
REVENUES						
Taxes:						
Ad valorem tax	\$ 644,119	\$ -	\$ 644,119	\$ 768,209	\$ 768,209	\$ (124,090)
Intergovernmental	23,352,870	(7,308,438)	16,044,432	-	16,048,603	(4,171)
Charges for services:						
Garbage fees and penalties	2,260,337	-	2,260,337	3,098,575	2,398,575	(138,238)
Interest	2,749	-	2,749	-	-	2,749
Total revenues	26,260,075	(7,308,438)	18,951,637	3,866,784	19,215,387	(263,750)
EXPENDITURES						
Public works:						
Contractual services	27,159,761	(7,308,438)	19,851,323	4,302,720	19,851,323	-
Total expenditures	27,159,761	(7,308,438)	19,851,323	4,302,720	19,851,323	-
Excess (deficiency) of revenues over (under) expenditures	(899,686)	-	(899,686)	(435,936)	(635,936)	(263,750)
OTHER FINANCING SOURCES (USES)						
Transfers in	1,126,211	-	1,126,211	435,936	635,936	490,275
Transfers out	(226,525)	-	(226,525)	-	-	(226,525)
Total other financing sources (uses)	899,686	-	899,686	435,936	635,936	263,750
Net change in fund balances	-	-	-	-	-	-
Fund balances - beginning of year	-	-	-	-	-	-
Fund balances - end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

CITY OF KENNER, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FIRE PROTECTION FUND
Year Ended June 30, 2006

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGETARY AMOUNTS		VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
				ORIGINAL BUDGET	FINAL BUDGET	
REVENUES						
Taxes:						
Ad valorem tax	\$ 2,965,199	\$ -	\$ 2,965,199	\$ 3,527,360	\$ 3,027,360	\$ (62,161)
Parking	-	-	-	296,109	(3,891)	3,891
Intergovernmental	429,514	-	429,514	-	429,514	-
Charges for services:						
Fire reports	854	-	854	743	743	111
Interest	16,183	-	16,183	8,000	8,000	8,183
Miscellaneous	267,507	-	267,507	382,438	382,438	(114,931)
Total revenues	<u>3,679,257</u>	<u>-</u>	<u>3,679,257</u>	<u>4,214,650</u>	<u>3,844,164</u>	<u>(164,907)</u>
EXPENDITURES						
Public safety:						
Personnel	6,590,834	-	6,590,834	6,472,168	6,842,303	251,469
Supplies	58,254	1,822	60,076	82,500	96,334	36,258
Service charges	423,527	29,677	453,204	640,000	650,699	197,495
Capital outlay	16,373	473	16,846	-	34,846	18,000
Total expenditures	<u>7,088,988</u>	<u>31,972</u>	<u>7,120,960</u>	<u>7,194,668</u>	<u>7,624,182</u>	<u>503,222</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,409,731)</u>	<u>(31,972)</u>	<u>(3,441,703)</u>	<u>(2,980,018)</u>	<u>(3,780,018)</u>	<u>338,315</u>
OTHER FINANCING SOURCES						
Transfers in						
Net change in fund balance	2,688,730	-	2,688,730	2,576,998	3,376,998	(688,268)
Fund balance - beginning of year	(721,001)	(31,972)	(752,973)	(403,020)	(403,020)	(349,953)
Fund balance - end of year	<u>754,882</u>	<u>(1,909)</u>	<u>752,973</u>	<u>752,973</u>	<u>752,973</u>	<u>-</u>
	<u>\$ 33,881</u>	<u>\$ (33,881)</u>	<u>\$ -</u>	<u>\$ 349,953</u>	<u>\$ 349,953</u>	<u>\$ (349,953)</u>

OTHER SUPPLEMENTARY INFORMATION

CITY OF KENNER, LOUISIANA
NONMAJOR FUND DESCRIPTIONS
June 30, 2006

SPECIAL REVENUE FUNDS

Special Revenue Funds account for the proceeds of specific revenues (other than special assessments, expendable trusts, or revenues for major capital projects) that are legally restricted to expenditures for specific purposes.

COMMUNITY DEVELOPMENT BLOCK GRANT FUND

The Community Development Block Grant Fund accounts for grants received from the Federal Community Development Block Grant Program.

ROADS AND BRIDGES AND STREET LIGHTING FUNDS

The Roads and Bridges and Street Lighting Funds account for the proceeds of ad valorem taxes which are specifically dedicated for the functions performed by each of these funds.

DEBT SERVICE FUNDS

The Debt Service Funds are used to accumulate monies for the payment of principal, interest, and fiscal charges on the City of Kenner's general obligation and special tax bonds.

AD VALOREM TAX BOND FUND

The Ad Valorem Tax Bond Fund accounts for the property tax levies needed to comply with the interest and principal redemption requirements of the bond indenture for the General Obligation Refunding Bonds Series 1992 and the loan agreement for the LCDA loan.

FIREMEN'S PENSION MERGER FUND

The Firemen's Pension Merger Fund accounts for the funding needed to comply with the interest and principal redemption requirements for the loan payable to the Statewide Firefighters Retirement System.

CITY OF KENNER, LOUISIANA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2006

	SPECIAL REVENUE			
	COMMUNITY DEVELOPMENT BLOCK GRANT	ROADS AND BRIDGES	STREET LIGHTING	TOTAL
ASSETS				
Cash	\$ 37,404	\$ -	\$ -	\$ 37,404
Equity in pooled cash	5,497	-	-	5,497
Receivables (net, where applicable, of allowances for uncollectibles)				
Intergovernmental	70,468	1	-	70,469
Other	14,245	-	37	14,282
Due from other funds	154,247	101,677	155,150	411,074
Total assets	\$ 281,861	\$ 101,678	\$ 155,187	\$ 538,726
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 59,129	\$ 15,630	\$ 68,067	\$ 142,826
Accrued liabilities	11,778	14,462	2,383	28,623
Due to other funds	-	64,896	66,854	131,750
Deferred revenues	-	1,628	3,301	4,929
Total liabilities	70,907	96,616	140,605	308,128
Fund balances:				
Reserved for:				
Encumbrances	806	-	14,582	15,388
Debt service	-	-	-	-
Hurricane damage repairs	113,592	-	-	113,592
Unreserved, undesignated	96,556	5,062	-	101,618
Total fund balances	210,954	5,062	14,582	230,598
Total liabilities and fund balances	\$ 281,861	\$ 101,678	\$ 155,187	\$ 538,726

DEBT SERVICE			TOTAL NONMAJOR GOVERNMENTAL FUNDS
AD VALOREM TAX BONDS	FIREMEN'S PENSION MERGER FUND	TOTAL	
\$ 8,151	\$ -	\$ 8,151	\$ 45,555
12,228	340,234	352,462	357,959
-	-	-	70,469
-	-	-	14,282
40,973	-	40,973	452,047
<u>\$ 61,352</u>	<u>\$ 340,234</u>	<u>\$ 401,586</u>	<u>\$ 940,312</u>
\$ -	\$ -	\$ -	\$ 142,826
-	-	-	28,623
2,037	-	2,037	133,787
40,135	-	40,135	45,064
42,172	-	42,172	350,300
-	-	-	15,388
19,180	340,234	359,414	359,414
-	-	-	113,592
-	-	-	101,618
19,180	340,234	359,414	590,012
<u>\$ 61,352</u>	<u>\$ 340,234</u>	<u>\$ 401,586</u>	<u>\$ 940,312</u>

CITY OF KENNER, LOUISIANA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	SPECIAL REVENUE FUNDS			
	COMMUNITY DEVELOPMENT BLOCK GRANT	ROADS AND BRIDGES	STREET LIGHTING	TOTAL
REVENUES				
Taxes	\$ -	\$ 328,167	\$ 20	\$ 328,187
Intergovernmental	781,764	53,905	16,093	851,762
Interest	1,887	-	-	1,887
Miscellaneous	162,676	-	-	162,676
Total Revenues	946,327	382,072	16,113	1,344,512
EXPENDITURES				
Current:				
Public works	-	992,956	1,159,772	2,152,728
Culture and recreation	114,449	-	-	114,449
Transit and urban development	872,625	-	-	872,625
Debt service:				-
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	987,074	992,956	1,159,772	3,139,802
Excess (deficiency) of revenues over (under) expenditures	(40,747)	(610,884)	(1,143,659)	(1,795,290)
OTHER FINANCING SOURCES (USES)				
Transfers in	154,339	610,884	1,157,945	1,923,168
Total other financing sources (uses)	154,339	610,884	1,157,945	1,923,168
Net change in fund balances	113,592	-	14,286	127,878
Fund balances - beginning of year	97,362	5,062	296	102,720
Fund balances - end of year	\$ 210,954	\$ 5,062	\$ 14,582	\$ 230,598

DEBT SERVICE FUNDS			TOTAL NONMAJOR GOVERNMENTAL FUNDS
AD VALOREM TAX BONDS	FIREMEN'S PENSION MERGER FUND	TOTAL	
\$ 1,981,262	\$ 205,872	\$ 2,187,134	\$ 2,515,321
-	-	-	851,762
302	23,478	23,780	25,667
-	107,613	107,613	270,289
<u>1,981,564</u>	<u>336,963</u>	<u>2,318,527</u>	<u>3,663,039</u>
-	-	-	2,152,728
-	-	-	114,449
-	-	-	872,625
1,175,000	46,831	1,221,831	1,221,831
<u>801,845</u>	<u>190,872</u>	<u>992,717</u>	<u>992,717</u>
<u>1,976,845</u>	<u>237,703</u>	<u>2,214,548</u>	<u>5,354,350</u>
<u>4,719</u>	<u>99,260</u>	<u>103,979</u>	<u>(1,691,311)</u>
-	-	-	1,923,168
-	-	-	1,923,168
4,719	99,260	103,979	231,857
<u>14,461</u>	<u>240,974</u>	<u>255,435</u>	<u>358,155</u>
<u>\$ 19,180</u>	<u>\$ 340,234</u>	<u>\$ 359,414</u>	<u>\$ 590,012</u>

CITY OF KENNER, LOUISIANA
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2006

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGETARY AMOUNTS		VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
				ORIGINAL BUDGET	FINAL BUDGET	
TAXES						
Ad valorem tax	\$ 835,307	\$ -	\$ 835,307	\$ 996,208	\$ 996,208	\$ (160,901)
Sales tax	19,109,679	-	19,109,679	16,222,782	17,222,782	1,886,897
Beer tax	92,224	-	92,224	81,417	81,417	10,807
Parking tax	1,392,586	-	1,392,586	1,393,653	1,393,653	(1,067)
Franchises						
Electricity service	1,554,239	-	1,554,239	1,609,191	1,609,191	(54,952)
Gas service	182,164	-	182,164	202,129	202,129	(19,965)
Off-track wagering	134,683	-	134,683	166,426	166,426	(31,743)
Hotel/motel tax	279,365	-	279,365	242,525	242,525	36,840
Telephone	239,423	-	239,423	311,818	311,818	(72,395)
Riverboat	5,963,163	-	5,963,163	6,308,182	6,308,182	(345,019)
Total taxes	29,782,833	-	29,782,833	27,534,331	28,534,331	1,248,502
LICENSES AND PERMITS						
Business:						
Occupational	1,944,577	-	1,944,577	2,054,315	2,054,315	(109,738)
Alcoholic beverage	60,687	-	60,687	73,411	73,411	(12,724)
Chain store	64,591	-	64,591	77,268	77,268	(12,677)
Plumbing	29,702	-	29,702	35,991	35,991	(6,289)
Electrical	42,770	-	42,770	24,771	24,771	17,999
Taxi cab	22,050	-	22,050	47,277	47,277	(25,227)
Air conditioning	16,530	-	16,530	16,759	16,759	(229)
Bingo	200	-	200	473	473	(273)
Animal control	603	-	603	828	828	(225)
Total business	2,181,710	-	2,181,710	2,331,093	2,331,093	(149,383)
Non-business:						
Building	190,462	-	190,462	129,880	129,880	60,582
Garage sales	1,485	-	1,485	4,171	4,171	(2,686)
Brake tags	307,586	-	307,586	347,703	347,703	(40,117)
Total non-business	499,533	-	499,533	481,754	481,754	17,779
Total licenses and permits	2,681,243	-	2,681,243	2,812,847	2,812,847	(131,604)
INTERGOVERNMENTAL						
Federal Grants	8,313,579	(3,549,130)	4,764,449	-	4,137,354	627,095
From state:						
Tobacco tax	-	-	-	-	-	-
Parish transportation fund	372,552	-	372,552	355,906	355,906	16,646
Parish road fund	194,675	-	194,675	190,797	190,797	3,878
Video poker	783,980	-	783,980	709,991	709,991	73,989
Other state grants	1,048,853	(48,853)	1,000,000	-	1,000,000	-
From other local government subdivisions:						
Jefferson Council on Aging	46,145	-	46,145	43,398	43,398	2,747
Jefferson Parish	211,000	-	211,000	211,000	211,000	-
Total intergovernmental	10,970,784	(3,597,983)	7,372,801	1,511,092	6,648,446	724,355

(Continued)

CITY OF KENNER, LOUISIANA
SCHEDULE OF REVENUES - BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
Year Ended June 30, 2006

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGETARY AMOUNTS		VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
				ORIGINAL BUDGET	FINAL BUDGET	
CHARGES FOR SERVICES						
Zoning fees	\$ 7,915	\$ -	\$ 7,915	\$ 9,214	\$ 9,214	\$ (1,299)
Inspection fees						
Electrical	90,786	-	90,786	53,299	53,299	37,487
Plumbing	46,694	-	46,694	45,231	45,231	1,463
Air conditioning, heating, and other	35,204	-	35,204	39,630	39,630	(4,426)
Maps and document sales	1,493	-	1,493	1,632	1,632	(139)
Tax research fees	24,110	-	24,110	38,348	38,348	(14,238)
Police reports	34,178	-	34,178	38,897	38,897	(4,719)
Weed cutting fees	25,505	-	25,505	95,000	95,000	(69,495)
Recreation department						
Participation fees	49,872	-	49,872	19,083	19,083	30,789
Admission fees	167,500	-	167,500	329,852	329,852	(162,352)
Identification and other fees	2,255	-	2,255	-	-	2,255
Community service fees	-	-	-	-	-	-
Administrative charges	61,000	-	61,000	61,000	61,000	-
Total charges for services	<u>546,512</u>	<u>-</u>	<u>546,512</u>	<u>731,186</u>	<u>731,186</u>	<u>(184,674)</u>
FINES AND FORFEITURES						
Fines	1,106,778	-	1,106,778	2,007,868	957,868	148,910
Forfeitures	279,369	-	279,369	368,341	368,341	(88,972)
DWI fines	1,678	-	1,678	1,800	1,800	(122)
Reinstatement fees	82,418	-	82,418	119,750	119,750	(37,332)
Total fines and forfeitures	<u>1,470,243</u>	<u>-</u>	<u>1,470,243</u>	<u>2,497,759</u>	<u>1,447,759</u>	<u>22,484</u>
INTEREST ON INVESTED FUNDS	<u>119,953</u>	<u>(10,888)</u>	<u>109,065</u>	<u>83,000</u>	<u>83,000</u>	<u>26,065</u>
MISCELLANEOUS						
Donations	325	(325)	-	-	-	-
Rents	156,467	-	156,467	210,000	210,000	(53,533)
Other investment income	61,887	(15,129)	46,758	40,000	40,000	6,758
Other	87,807	(82,180)	5,627	52,539	52,539	(46,912)
Total miscellaneous	<u>306,486</u>	<u>(97,634)</u>	<u>208,852</u>	<u>302,539</u>	<u>302,539</u>	<u>(93,687)</u>
Total revenues	<u>\$ 45,878,054</u>	<u>\$ (3,706,505)</u>	<u>\$ 42,171,549</u>	<u>\$ 35,472,754</u>	<u>\$ 40,560,108</u>	<u>\$ 1,611,441</u>

CITY OF KENNER, LOUISIANA
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2006

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGETARY AMOUNTS ORIGINAL BUDGET	FINAL BUDGET	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
GENERAL GOVERNMENT						
Personnel	\$ 5,437,315	\$ -	\$ 5,437,315	\$ 5,542,431	\$ 5,658,614	\$ 221,299
Supplies	1,525,211	26,212	1,551,423	134,798	2,421,081	869,658
Service charges	6,565,406	(2,738,648)	3,826,758	3,825,565	3,755,716	(71,042)
Capital outlay	1,521,428	(93,166)	1,428,262	891	38,746	(1,389,516)
Total general government	\$ 15,049,360	\$ (2,805,602)	\$ 12,243,758	\$ 9,503,685	\$ 11,874,157	\$ (369,601)
PUBLIC SAFETY						
Personnel	\$ 14,477,177	\$ (98,408)	\$ 14,378,769	\$ 13,669,902	\$ 14,469,003	\$ 90,234
Supplies	766,267	288	766,555	551,476	785,155	18,600
Service charges	1,823,555	(9,063)	1,814,492	2,482,880	1,963,539	149,047
Capital outlay	451,355	889,256	1,340,611	67,709	1,348,469	7,858
Total public safety	\$ 17,518,354	\$ 782,073	\$ 18,300,427	\$ 16,771,967	\$ 18,566,166	\$ 265,739
PUBLIC WORKS						
Personnel	\$ 3,089,934	\$ -	\$ 3,089,934	\$ 3,261,487	\$ 3,195,949	\$ 106,015
Supplies	934,031	(5,581)	928,450	902,224	976,337	47,887
Service charges	134,956	25,901	160,857	236,539	154,894	(5,963)
Capital outlay	6,698	425,202	431,900	-	431,468	(432)
Total public works	\$ 4,165,619	\$ 445,522	\$ 4,611,141	\$ 4,400,250	\$ 4,758,648	\$ 147,507
HEALTH AND WELFARE						
Personnel	\$ 609,895	\$ -	\$ 609,895	\$ 599,187	\$ 620,724	\$ 10,829
Supplies	145,187	821	146,008	147,189	148,315	2,307
Service charges	13,656	-	13,656	17,133	16,561	2,905
Capital outlay	-	-	-	-	-	-
Total health and welfare	\$ 768,738	\$ 821	\$ 769,559	\$ 763,509	\$ 785,600	\$ 16,041

(Continued)

CITY OF KENNER, LOUISIANA
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (CONTINUED)
 GENERAL FUND
 Year Ended June 30, 2006

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGETARY AMOUNTS ORIGINAL BUDGET	FINAL BUDGET	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
CULTURE AND RECREATION						
Personnel	\$ 3,700,814	\$ -	\$ 3,700,814	\$ 3,986,563	\$ 4,037,988	\$ 337,174
Supplies	240,313	39,460	279,773	369,942	363,493	83,720
Service charges	1,126,726	(170)	1,126,556	1,174,185	1,208,560	82,004
Capital outlay	22,478	5,005	27,483	-	22,478	(5,005)
Total culture and recreation	\$ 5,090,331	\$ 44,295	\$ 5,134,626	\$ 5,530,690	\$ 5,632,519	\$ 497,893
TRANSIT						
Personnel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Supplies	-	-	-	-	-	-
Service charges	343,785	-	343,785	457,771	457,771	113,986
Capital outlay	-	-	-	-	-	-
TOTAL TRANSIT	\$ 343,785	\$ -	\$ 343,785	\$ 457,771	\$ 457,771	\$ 113,986
TOTAL EXPENDITURES						
Personnel	\$ 27,315,135	\$ (98,408)	\$ 27,216,727	\$ 27,059,570	\$ 27,982,278	\$ 765,551
Supplies	3,611,009	61,200	3,672,209	2,105,629	4,694,381	1,022,172
Service charges	10,008,084	(2,721,980)	7,286,104	8,194,073	7,557,041	270,937
Capital outlay	2,001,959	1,226,297	3,228,256	68,600	1,841,161	(1,387,095)
TOTAL EXPENDITURES	\$ 42,936,187	\$ (1,532,891)	\$ 41,403,296	\$ 37,427,872	\$ 42,074,861	\$ 671,565

CITY OF KENNER, LOUISIANA
COMBINING SCHEDULE OF DEPARTMENTAL EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
GENERAL GOVERNMENT FUNCTION
Year Ended June 30, 2006

COUNCIL OFFICE

EXPENDITURES	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGETARY AMOUNTS		VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
				ORIGINAL BUDGET	FINAL BUDGET	
Personnel	\$ 680,394	\$ -	\$ 680,394	\$ 718,711	\$ 718,154	\$ 37,760
Supplies	36,331	7,264	43,595	36,670	45,089	1,494
Service charges	67,111	(299)	66,812	115,100	80,938	14,126
Capital outlay	12,452	924	13,376	-	30,100	16,724
Total expenditures	\$ 796,288	\$ 7,889	\$ 804,177	\$ 870,481	\$ 874,281	\$ 70,104

MAYOR'S OFFICE

EXPENDITURES	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGETARY AMOUNTS		VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
				ORIGINAL BUDGET	FINAL BUDGET	
Personnel	\$ 371,482	\$ -	\$ 371,482	\$ 399,269	\$ 394,896	\$ 23,414
Supplies	13,763	(544)	13,219	9,400	13,900	681
Service charges	35,599	-	35,599	23,927	35,727	128
Capital outlay	-	(341)	(341)	-	-	341
Total expenditures	\$ 420,844	\$ (885)	\$ 419,959	\$ 432,596	\$ 444,523	\$ 24,564

CHIEF ADMINISTRATIVE OFFICE

EXPENDITURES	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGETARY AMOUNTS		VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
				ORIGINAL BUDGET	FINAL BUDGET	
Personnel	\$ 342,747	\$ -	\$ 342,747	\$ 302,364	\$ 322,939	\$ (19,808)
Supplies	9,686	774	10,460	6,045	9,045	(1,415)
Service charges	8,978	-	8,978	11,222	13,222	4,244
Capital outlay	3,420	(3,420)	-	-	-	-
Total expenditures	\$ 364,831	\$ (2,646)	\$ 362,185	\$ 319,631	\$ 345,206	\$ (16,979)

FINANCE

EXPENDITURES	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGETARY AMOUNTS		VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
				ORIGINAL BUDGET	FINAL BUDGET	
Personnel	\$ 591,331	\$ -	\$ 591,331	\$ 601,225	\$ 618,045	\$ 26,714
Supplies	19,619	776	20,395	24,000	24,000	3,605
Service charges	26,809	-	26,809	40,700	38,700	11,891
Capital outlay	1,462	-	1,462	-	1,500	38
Total expenditures	\$ 639,221	\$ 776	\$ 639,997	\$ 665,925	\$ 682,245	\$ 42,248

(Continued)

CITY OF KENNER, LOUISIANA
COMBINING SCHEDULE OF DEPARTMENTAL EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
GENERAL GOVERNMENT FUNCTION (CONTINUED)
Year Ended June 30, 2006

PURCHASING

EXPENDITURES	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGETARY AMOUNTS		VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
				ORIGINAL BUDGET	FINAL BUDGET	
Personnel	\$ 283,823	\$ -	\$ 283,823	\$ 306,825	\$ 316,758	\$ 32,935
Supplies	5,076	444	5,520	4,500	5,600	80
Service charges	13,470	-	13,470	19,374	17,124	3,654
Capital outlay	1,717	-	1,717	891	1,717	-
Total expenditures	\$ 304,086	\$ 444	\$ 304,530	\$ 331,590	\$ 341,199	\$ 36,669

PERSONNEL

EXPENDITURES	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGETARY AMOUNTS		VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
				ORIGINAL BUDGET	FINAL BUDGET	
Personnel	\$ 260,581	\$ -	\$ 260,581	\$ 277,304	\$ 287,813	\$ 27,232
Supplies	2,696	561	3,257	4,560	4,560	1,303
Service charges	22,630	-	22,630	29,451	29,451	6,821
Capital outlay	-	-	-	-	-	-
Total expenditures	\$ 285,907	\$ 561	\$ 286,468	\$ 311,315	\$ 321,824	\$ 35,356

PLANNING

EXPENDITURES	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGETARY AMOUNTS		VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
				ORIGINAL BUDGET	FINAL BUDGET	
Personnel	\$ 336,476	\$ -	\$ 336,476	\$ 386,187	\$ 393,135	\$ 56,659
Supplies	4,853	56	4,909	5,160	5,760	851
Service charges	18,058	38	18,096	31,423	27,923	9,827
Capital outlay	3,253	(868)	2,385	-	3,800	1,415
Total expenditures	\$ 362,640	\$ (774)	\$ 361,866	\$ 422,770	\$ 430,618	\$ 68,752

DATA PROCESSING

EXPENDITURES	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGETARY AMOUNTS		VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
				ORIGINAL BUDGET	FINAL BUDGET	
Personnel	\$ 255,326	\$ -	\$ 255,326	\$ 240,649	\$ 255,461	\$ 135
Supplies	4,473	741	5,214	5,850	5,850	636
Service charges	95,058	556	95,614	106,900	110,102	14,488
Capital outlay	1,629	-	1,629	-	1,629	-
Total expenditures	\$ 356,486	\$ 1,297	\$ 357,783	\$ 353,399	\$ 373,042	\$ 15,259

(Continued)

CITY OF KENNER, LOUISIANA
COMBINING SCHEDULE OF DEPARTMENTAL EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
GENERAL GOVERNMENT FUNCTION (CONTINUED)
Year Ended June 30, 2006

CIVIL SERVICE

EXPENDITURES	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGETARY AMOUNTS		VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
				ORIGINAL BUDGET	FINAL BUDGET	
Personnel	\$ 64,296	\$ -	\$ 64,296	\$ 74,418	\$ 72,418	\$ 8,122
Supplies	1,348	131	1,479	1,895	1,895	416
Service charges	18,535	-	18,535	15,620	17,620	(915)
Capital outlay	-	-	-	-	-	-
Total expenditures	\$ 84,179	\$ 131	\$ 84,310	\$ 91,933	\$ 91,933	\$ 7,623

GENERAL MUNICIPAL EXPENSE

EXPENDITURES	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGETARY AMOUNTS		VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
				ORIGINAL BUDGET	FINAL BUDGET	
Personnel	\$ 789,614	\$ -	\$ 789,614	\$ 801,177	\$ 789,645	\$ 31
Supplies	1,409,896	9,585	1,419,481	18,000	2,259,123	839,642
Service charges	5,227,939	(2,723,814)	2,504,125	2,387,089	2,353,589	(150,536)
Capital outlay	1,497,495	(89,461)	1,408,034	-	-	(1,408,034)
Total expenditures	\$ 8,924,944	\$ (2,803,690)	\$ 6,121,254	\$ 3,206,266	\$ 5,402,357	\$ (718,897)

EMERGENCY RESERVE

EXPENDITURES	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGETARY AMOUNTS		VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
				ORIGINAL BUDGET	FINAL BUDGET	
Personnel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Supplies	-	-	-	-	-	-
Service charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

MAGISTRATE'S COURT

EXPENDITURES	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGETARY AMOUNTS		VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
				ORIGINAL BUDGET	FINAL BUDGET	
Personnel	\$ 796,305	\$ -	\$ 796,305	\$ 843,302	\$ 820,350	\$ 24,045
Supplies	17,470	6,424	23,894	18,718	46,259	22,365
Service charges	27,070	-	27,070	29,759	35,320	8,250
Capital outlay	-	-	-	-	-	-
Total expenditures	\$ 840,845	\$ 6,424	\$ 847,269	\$ 891,779	\$ 901,929	\$ 54,660

(Continued)

CITY OF KENNER, LOUISIANA
COMBINING SCHEDULE OF DEPARTMENTAL EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
GENERAL GOVERNMENT FUNCTION (CONTINUED)
Year Ended June 30, 2006

INSURANCE

EXPENDITURES	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGETARY AMOUNTS		VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
				ORIGINAL BUDGET	FINAL BUDGET	
Personnel	\$ 103,669	\$ -	\$ 103,669	\$ 100,000	\$ 104,000	\$ 331
Supplies	-	-	-	-	-	-
Service charges	989,020	-	989,020	1,015,000	996,000	6,980
Capital outlay	-	-	-	-	-	-
Total expenditures	\$ 1,092,689	\$ -	\$ 1,092,689	\$ 1,115,000	\$ 1,100,000	\$ 7,311

PAY INCENTIVES

EXPENDITURES	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGETARY AMOUNTS		VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
				ORIGINAL BUDGET	FINAL BUDGET	
Personnel	\$ 561,271	\$ -	\$ 561,271	\$ 491,000	\$ 565,000	\$ 3,729
Supplies	-	-	-	-	-	-
Service charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	\$ 561,271	\$ -	\$ 561,271	\$ 491,000	\$ 565,000	\$ 3,729

BAD DEBT

EXPENDITURES	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGETARY AMOUNTS		VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
				ORIGINAL BUDGET	FINAL BUDGET	
Personnel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Supplies	-	-	-	-	-	-
Service charges	15,129	(15,129)	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	\$ 15,129	\$ (15,129)	\$ -	\$ -	\$ -	\$ -

TOTAL - GENERAL GOVERNMENT FUNCTION

EXPENDITURES	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGETARY AMOUNTS		VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
				ORIGINAL BUDGET	FINAL BUDGET	
Personnel	\$ 5,437,315	\$ -	\$ 5,437,315	\$ 5,542,431	\$ 5,658,614	\$ 221,299
Supplies	1,525,211	26,212	1,551,423	134,798	2,421,081	869,658
Service charges	6,565,406	(2,738,648)	3,826,758	3,825,565	3,755,716	(71,042)
Capital outlay	1,521,428	(93,166)	1,428,262	891	38,746	(1,389,516)
Total expenditures	\$ 15,049,360	\$ (2,805,602)	\$ 12,243,758	\$ 9,503,685	\$ 11,874,157	\$ (369,601)

CITY OF KENNER, LOUISIANA
COMBINING SCHEDULE OF DEPARTMENTAL EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
PUBLIC SAFETY FUNCTION
Year Ended June 30, 2006

POLICE ADMINISTRATION

EXPENDITURES	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGETARY AMOUNTS		VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
				ORIGINAL BUDGET	FINAL BUDGET	
Personnel	\$ 1,273,905	\$ -	\$ 1,273,905	\$ 1,284,372	\$ 1,278,494	\$ 4,589
Supplies	60,457	5,244	65,701	21,000	63,000	(2,701)
Service charges	660,425	(22,682)	637,743	697,000	681,000	43,257
Capital outlay	12,378	232,990	245,368	-	220,000	(25,368)
Total expenditures	\$ 2,007,165	\$ 215,552	\$ 2,222,717	\$ 2,002,372	\$ 2,242,494	\$ 19,777

ROAD POLICE

EXPENDITURES	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGETARY AMOUNTS		VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
				ORIGINAL BUDGET	FINAL BUDGET	
Personnel	\$ 7,502,529	\$ (11,770)	\$ 7,490,759	\$ 7,301,949	\$ 7,515,169	\$ 24,410
Supplies	530,922	(16,968)	513,954	337,500	548,500	34,546
Service charges	1,049,169	18,647	1,067,816	1,540,000	1,088,000	20,184
Capital outlay	256,822	801,110	1,057,932	67,709	1,081,635	23,703
Total expenditures	\$ 9,339,442	\$ 791,019	\$ 10,130,461	\$ 9,247,158	\$ 10,233,304	\$ 102,843

POLICE DETECTIVES

EXPENDITURES	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGETARY AMOUNTS		VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
				ORIGINAL BUDGET	FINAL BUDGET	
Personnel	\$ 1,858,984	\$ (86,638)	\$ 1,772,346	\$ 1,640,428	\$ 1,794,932	\$ 22,586
Supplies	38,203	296	38,499	22,000	23,000	(15,499)
Service charges	13,124	(217)	12,907	15,000	13,000	93
Capital outlay	3,897	572	4,469	-	15,000	10,531
Total expenditures	\$ 1,914,208	\$ (85,987)	\$ 1,828,221	\$ 1,677,428	\$ 1,845,932	\$ 17,711

POLICE COMMUNICATIONS

EXPENDITURES	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGETARY AMOUNTS		VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
				ORIGINAL BUDGET	FINAL BUDGET	
Personnel	\$ 611,254	\$ -	\$ 611,254	\$ 603,183	\$ 616,580	\$ 5,326
Supplies	3,586	(318)	3,268	4,000	4,000	732
Service charges	-	-	-	-	-	-
Capital outlay	172,084	(161,755)	10,329	-	10,500	171
Total expenditures	\$ 786,924	\$ (162,073)	\$ 624,851	\$ 607,183	\$ 631,080	\$ 6,229

(Continued)

CITY OF KENNER, LOUISIANA
COMBINING SCHEDULE OF DEPARTMENTAL EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
PUBLIC SAFETY FUNCTION (CONTINUED)
Year Ended June 30, 2006

JAIL

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGETARY AMOUNTS		VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
				ORIGINAL BUDGET	FINAL BUDGET	
EXPENDITURES						
Personnel	\$ 793,824	\$ -	\$ 793,824	\$ 535,785	\$ 801,115	\$ 7,291
Supplies	81,069	2,427	83,496	113,000	79,500	(3,996)
Service charges	18,109	113	18,222	16,000	19,000	778
Capital outlay	2,419	61	2,480	-	3,000	520
Total expenditures	\$ 895,421	\$ 2,601	\$ 898,022	\$ 664,785	\$ 902,615	\$ 4,593

POLICE RANGE/SWAT

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGETARY AMOUNTS		VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
				ORIGINAL BUDGET	FINAL BUDGET	
EXPENDITURES						
Personnel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Supplies	-	-	-	-	-	-
Service charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

POLICE TRAFFIC AND RESCUE

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGETARY AMOUNTS		VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
				ORIGINAL BUDGET	FINAL BUDGET	
EXPENDITURES						
Personnel	\$ 1,064,280	\$ -	\$ 1,064,280	\$ 884,153	\$ 1,050,482	\$ (13,798)
Supplies	12,487	7,275	19,762	23,000	20,500	738
Service charges	11,624	(5,511)	6,113	55,325	14,825	8,712
Capital outlay	-	-	-	-	-	-
Total expenditures	\$ 1,088,391	\$ 1,764	\$ 1,090,155	\$ 962,478	\$ 1,085,807	\$ (4,348)

CODE ENFORCEMENT - ADMINISTRATION

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGETARY AMOUNTS		VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
				ORIGINAL BUDGET	FINAL BUDGET	
EXPENDITURES						
Personnel	\$ 1,167,495	\$ -	\$ 1,167,495	\$ 1,207,776	\$ 1,200,298	\$ 32,803
Supplies	28,366	3,810	32,176	16,419	31,928	(248)
Service charges	72,864	587	73,451	155,329	143,335	69,884
Capital outlay	3,755	16,278	20,033	-	18,334	(1,699)
Total expenditures	\$ 1,272,480	\$ 20,675	\$ 1,293,155	\$ 1,379,524	\$ 1,393,895	\$ 100,740

(Continued)

CITY OF KENNER, LOUISIANA
COMBINING SCHEDULE OF DEPARTMENTAL EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
PUBLIC SAFETY FUNCTION (CONTINUED)
Year Ended June 30, 2006

CODE ENFORCEMENT - INSPECTIONS

EXPENDITURES	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGETARY AMOUNTS		VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
				ORIGINAL	FINAL	
				BUDGET	BUDGET	
Personnel	\$ 204,906	\$ -	\$ 204,906	\$ 212,256	\$ 211,933	\$ 7,027
Supplies	11,177	(1,478)	9,699	14,557	14,727	5,028
Service charges	(1,760)	-	(1,760)	4,226	4,379	6,139
Capital outlay	-	-	-	-	-	-
Total expenditures	\$ 214,323	\$ (1,478)	\$ 212,845	\$ 231,039	\$ 231,039	\$ 18,194

TOTAL - PUBLIC SAFETY FUNCTION

EXPENDITURES	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGETARY AMOUNTS		VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
				ORIGINAL	FINAL	
				BUDGET	BUDGET	
Personnel	\$ 14,477,177	\$ (98,408)	\$ 14,378,769	\$ 13,669,902	\$ 14,469,003	\$ 90,234
Supplies	766,267	288	766,555	551,476	785,155	18,600
Service charges	1,823,555	(9,063)	1,814,492	2,482,880	1,963,539	149,047
Capital outlay	451,355	889,256	1,340,611	67,709	1,348,469	7,858
Total expenditures	\$ 17,518,354	\$ 782,073	\$ 18,300,427	\$ 16,771,967	\$ 18,566,166	\$ 265,739

CITY OF KENNER, LOUISIANA
COMBINING SCHEDULE OF DEPARTMENTAL EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
PUBLIC WORKS FUNCTION
Year Ended June 30, 2006

TRAFFIC

EXPENDITURES	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGETARY AMOUNTS		VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
				ORIGINAL BUDGET	FINAL BUDGET	
Personnel	\$ 279,706	\$ -	\$ 279,706	\$ 246,295	\$ 279,436	\$ (270)
Supplies	95,480	(20,244)	75,236	104,500	74,425	(811)
Service charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	\$ 375,186	\$ (20,244)	\$ 354,942	\$ 350,795	\$ 353,861	\$ (1,081)

PARKWAYS

EXPENDITURES	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGETARY AMOUNTS		VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
				ORIGINAL BUDGET	FINAL BUDGET	
Personnel	\$ 788,902	\$ -	\$ 788,902	\$ 957,409	\$ 800,626	\$ 11,724
Supplies	207,088	877	207,965	199,545	208,450	485
Service charges	(250)	-	(250)	3,568	-	250
Capital outlay	-	-	-	-	-	-
Total expenditures	\$ 995,740	\$ 877	\$ 996,617	\$ 1,160,522	\$ 1,009,076	\$ 12,459

DRAINAGE

EXPENDITURES	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGETARY AMOUNTS		VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
				ORIGINAL BUDGET	FINAL BUDGET	
Personnel	\$ 448,946	\$ -	\$ 448,946	\$ 552,581	\$ 503,629	\$ 54,683
Supplies	62,815	-	62,815	66,815	62,815	-
Service charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	\$ 511,761	\$ -	\$ 511,761	\$ 619,396	\$ 566,444	\$ 54,683

PUBLIC WORKS - VEHICLE MAINTENANCE

EXPENDITURES	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGETARY AMOUNTS		VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
				ORIGINAL BUDGET	FINAL BUDGET	
Personnel	\$ 381,383	\$ -	\$ 381,383	\$ 359,115	\$ 380,927	\$ (456)
Supplies	393,437	4,905	398,342	338,500	389,596	(8,746)
Service charges	77,208	25,901	103,109	123,000	95,276	(7,833)
Capital outlay	-	-	-	-	-	-
Total expenditures	\$ 852,028	\$ 30,806	\$ 882,834	\$ 820,615	\$ 865,799	\$ (17,035)

(Continued)

CITY OF KENNER, LOUISIANA
COMBINING SCHEDULE OF DEPARTMENTAL EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
PUBLIC WORKS FUNCTION (CONTINUED)
Year Ended June 30, 2006

PUBLIC WORKS - BUILDING MAINTENANCE

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGETARY AMOUNTS		VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
				ORIGINAL BUDGET	FINAL BUDGET	
EXPENDITURES						
Personnel	\$ 673,059	\$ -	\$ 673,059	\$ 671,553	\$ 714,386	\$ 41,327
Supplies	179,560	6,330	185,890	112,500	175,136	(10,754)
Service charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>\$ 852,619</u>	<u>\$ 6,330</u>	<u>\$ 858,949</u>	<u>\$ 784,053</u>	<u>\$ 889,522</u>	<u>\$ 30,573</u>

PUBLIC WORKS ADMINISTRATION

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGETARY AMOUNTS		VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
				ORIGINAL BUDGET	FINAL BUDGET	
EXPENDITURES						
Personnel	\$ 517,938	\$ -	\$ 517,938	\$ 474,534	\$ 516,945	\$ (993)
Supplies	(4,349)	2,551	(1,798)	80,364	65,915	67,713
Service charges	57,998	-	57,998	109,971	59,618	1,620
Capital outlay	6,698	425,202	431,900	-	431,468	(432)
Total expenditures	<u>\$ 578,285</u>	<u>\$ 427,753</u>	<u>\$ 1,006,038</u>	<u>\$ 664,869</u>	<u>\$ 1,073,946</u>	<u>\$ 67,908</u>

TOTAL - PUBLIC WORKS FUNCTION

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGETARY AMOUNTS		VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
				ORIGINAL BUDGET	FINAL BUDGET	
EXPENDITURES						
Personnel	\$ 3,089,934	\$ -	\$ 3,089,934	\$ 3,261,487	\$ 3,195,949	\$ 106,015
Supplies	934,031	(5,581)	928,450	902,224	976,337	47,887
Service charges	134,956	25,901	160,857	236,539	154,894	(5,963)
Capital outlay	6,698	425,202	431,900	-	431,468	(432)
Total expenditures	<u>\$ 4,165,619</u>	<u>\$ 445,522</u>	<u>\$ 4,611,141</u>	<u>\$ 4,400,250</u>	<u>\$ 4,758,648</u>	<u>\$ 147,507</u>

CITY OF KENNER, LOUISIANA
COMBINING SCHEDULE OF DEPARTMENTAL EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
HEALTH AND WELFARE FUNCTION
Year Ended June 30, 2006

CODE ENFORCEMENT - HUMANE

EXPENDITURES	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGETARY AMOUNTS		VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
				ORIGINAL BUDGET	FINAL BUDGET	
Personnel	\$ 124,210	\$ -	\$ 124,210	\$ 115,182	\$ 125,516	\$ 1,306
Supplies	(195)	-	(195)	2,849	2,859	3,054
Service charges	1,997	-	1,997	3,500	3,500	1,503
Capital outlay	-	-	-	-	-	-
Total expenditures	\$ 126,012	\$ -	\$ 126,012	\$ 121,531	\$ 131,875	\$ 5,863

FOOD BANK

EXPENDITURES	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGETARY AMOUNTS		VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
				ORIGINAL BUDGET	FINAL BUDGET	
Personnel	\$ 138,865	\$ -	\$ 138,865	\$ 143,998	\$ 143,998	\$ 5,133
Supplies	-	-	-	-	-	-
Service charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	\$ 138,865	\$ -	\$ 138,865	\$ 143,998	\$ 143,998	\$ 5,133

COUNCIL ON AGING

EXPENDITURES	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGETARY AMOUNTS		VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
				ORIGINAL BUDGET	FINAL BUDGET	
Personnel	\$ 346,820	\$ -	\$ 346,820	\$ 340,007	\$ 351,210	\$ 4,390
Supplies	12,584	-	12,584	15,000	12,572	(12)
Service charges	11,659	-	11,659	13,633	13,061	1,402
Capital outlay	-	-	-	-	-	-
Total expenditures	\$ 371,063	\$ -	\$ 371,063	\$ 368,640	\$ 376,843	\$ 5,780

(Continued)

CITY OF KENNER, LOUISIANA
COMBINING SCHEDULE OF DEPARTMENTAL EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
HEALTH AND WELFARE FUNCTION (CONTINUED)
Year Ended June 30, 2006

MAINTENANCE

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGETARY AMOUNTS		VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
				ORIGINAL BUDGET	FINAL BUDGET	
EXPENDITURES						
Personnel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Supplies	132,798	821	133,619	129,340	132,884	(735)
Service charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>\$ 132,798</u>	<u>\$ 821</u>	<u>\$ 133,619</u>	<u>\$ 129,340</u>	<u>\$ 132,884</u>	<u>\$ (735)</u>

TOTAL - HEALTH AND WELFARE FUNCTION

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGETARY AMOUNTS		VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
				ORIGINAL BUDGET	FINAL BUDGET	
EXPENDITURES						
Personnel	\$ 609,895	\$ -	\$ 609,895	\$ 599,187	\$ 620,724	\$ 10,829
Supplies	145,187	821	146,008	147,189	148,315	2,307
Service charges	13,656	-	13,656	17,133	16,561	2,905
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>\$ 768,738</u>	<u>\$ 821</u>	<u>\$ 769,559</u>	<u>\$ 763,509</u>	<u>\$ 785,600</u>	<u>\$ 16,041</u>

CITY OF KENNER, LOUISIANA
COMBINING SCHEDULE OF DEPARTMENTAL EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
CULTURE AND RECREATION FUNCTION
Year Ended June 30, 2006

LEISURE SERVICES

EXPENDITURES	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGETARY AMOUNTS		VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
				ORIGINAL BUDGET	FINAL BUDGET	
Personnel	\$ 108,776	\$ -	\$ 108,776	\$ 116,007	\$ 114,578	\$ 5,802
Supplies	11,929	209	12,138	10,500	11,929	(209)
Service charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	\$ 120,705	\$ 209	\$ 120,914	\$ 126,507	\$ 126,507	\$ 5,593

CULTURAL AFFAIRS

EXPENDITURES	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGETARY AMOUNTS		VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
				ORIGINAL BUDGET	FINAL BUDGET	
Personnel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Supplies	9,583	-	9,583	3,203	10,165	582
Service charges	28,822	-	28,822	28,200	28,200	(622)
Capital outlay	-	-	-	-	-	-
Total expenditures	\$ 38,405	\$ -	\$ 38,405	\$ 31,403	\$ 38,365	\$ (40)

HUMANITIES AND MUSEUMS

EXPENDITURES	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGETARY AMOUNTS		VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
				ORIGINAL BUDGET	FINAL BUDGET	
Personnel	\$ 384,308	\$ -	\$ 384,308	\$ 436,724	\$ 436,954	\$ 52,646
Supplies	6,557	-	6,557	32,660	10,848	4,291
Service charges	29,197	-	29,197	50,761	50,761	21,564
Capital outlay	-	-	-	-	-	-
Total expenditures	\$ 420,062	\$ -	\$ 420,062	\$ 520,145	\$ 498,563	\$ 78,501

TOURISM

EXPENDITURES	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGETARY AMOUNTS		VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
				ORIGINAL BUDGET	FINAL BUDGET	
Personnel	\$ 226,405	\$ -	\$ 226,405	\$ 285,922	\$ 285,532	\$ 59,127
Supplies	8,653	1,798	10,451	8,650	10,750	299
Service charges	56,772	1,194	57,966	59,180	60,801	2,835
Capital outlay	-	-	-	-	-	-
Total expenditures	\$ 291,830	\$ 2,992	\$ 294,822	\$ 353,752	\$ 357,083	\$ 62,261

(Continued)

CITY OF KENNER, LOUISIANA
COMBINING SCHEDULE OF DEPARTMENTAL EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
CULTURE AND RECREATION FUNCTION (CONTINUED)
Year Ended June 30, 2006

RECREATION

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGETARY AMOUNTS		VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
				ORIGINAL BUDGET	FINAL BUDGET	
EXPENDITURES						
Personnel	\$ 1,341,176	\$ -	\$ 1,341,176	\$ 1,394,368	\$ 1,420,016	\$ 78,840
Supplies	87,959	27,968	115,927	163,026	178,026	62,099
Service charges	660,752	982	661,734	698,804	719,602	57,868
Capital outlay	-	-	-	-	-	-
Total expenditures	\$ 2,089,887	\$ 28,950	\$ 2,118,837	\$ 2,256,198	\$ 2,317,644	\$ 198,807

RECREATION MAINTENANCE

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGETARY AMOUNTS		VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
				ORIGINAL BUDGET	FINAL BUDGET	
EXPENDITURES						
Personnel	\$ 1,111,107	\$ -	\$ 1,111,107	\$ 1,147,835	\$ 1,184,599	\$ 73,492
Supplies	53,899	7,910	61,809	78,103	78,103	16,294
Service charges	-	(4,922)	(4,922)	-	-	4,922
Capital outlay	-	-	-	-	-	-
Total expenditures	\$ 1,165,006	\$ 2,988	\$ 1,167,994	\$ 1,225,938	\$ 1,262,702	\$ 94,708

COMMUNITY SERVICE - ADMINISTRATION

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGETARY AMOUNTS		VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
				ORIGINAL BUDGET	FINAL BUDGET	
EXPENDITURES						
Personnel	\$ 410,585	\$ -	\$ 410,585	\$ 472,323	\$ 476,475	\$ 65,890
Supplies	57,556	1,575	59,131	69,300	58,572	(559)
Service charges	306,231	2,576	308,807	302,240	301,246	(7,561)
Capital outlay	22,478	5,005	27,483	-	22,478	(5,005)
Total expenditures	\$ 796,850	\$ 9,156	\$ 806,006	\$ 843,863	\$ 858,771	\$ 52,765

(Continued)

CITY OF KENNER, LOUISIANA
COMBINING SCHEDULE OF DEPARTMENTAL EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
CULTURE AND RECREATION FUNCTION (CONTINUED)
Year Ended June 30, 2006

CITY PARK OPERATIONS

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGETARY AMOUNTS		VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
				ORIGINAL BUDGET	FINAL BUDGET	
EXPENDITURES						
Personnel	\$ 118,457	\$ -	\$ 118,457	\$ 133,384	\$ 119,834	\$ 1,377
Supplies	4,177	-	4,177	4,500	5,100	923
Service charges	44,952	-	44,952	35,000	47,950	2,998
Capital outlay	-	-	-	-	-	-
Total expenditures	\$ 167,586	\$ -	\$ 167,586	\$ 172,884	\$ 172,884	\$ 5,298

TOTAL - CULTURE AND RECREATION FUNCTION

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGETARY AMOUNTS		VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
				ORIGINAL BUDGET	FINAL BUDGET	
EXPENDITURES						
Personnel	\$ 3,700,814	\$ -	\$ 3,700,814	\$ 3,986,563	\$ 4,037,988	\$ 337,174
Supplies	240,313	39,460	279,773	369,942	363,493	83,720
Service charges	1,126,726	(170)	1,126,556	1,174,185	1,208,560	82,004
Capital outlay	22,478	5,005	27,483	-	22,478	(5,005)
Total expenditures	\$ 5,090,331	\$ 44,295	\$ 5,134,626	\$ 5,530,690	\$ 5,632,519	\$ 497,893

CITY OF KENNER, LOUISIANA
COMBINING SCHEDULE OF DEPARTMENTAL EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
TRANSIT FUNCTION
Year Ended June 30, 2006

TOTAL - TRANSIT FUNCTION

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGETARY AMOUNTS		VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
				ORIGINAL BUDGET	FINAL BUDGET	
EXPENDITURES						
Personnel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Supplies	-	-	-	-	-	-
Service charges	343,785	-	343,785	457,771	457,771	113,986
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>\$ 343,785</u>	<u>\$ -</u>	<u>\$ 343,785</u>	<u>\$ 457,771</u>	<u>\$ 457,771</u>	<u>\$ 113,986</u>

CITY OF KENNER, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT BLOCK GRANT FUND
Year Ended June 30, 2006

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGETARY AMOUNTS		VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
				ORIGINAL BUDGET	FINAL BUDGET	
REVENUES						
Intergovernmental	\$ 781,764	\$ 806	\$ 782,570	\$ 2,120,792	\$ 2,576,685	\$ (1,794,115)
Interest	1,887		1,887	-	-	1,887
Miscellaneous	162,676		162,676	-	-	162,676
Total revenues	946,327	806	947,133	2,120,792	2,576,685	(1,629,552)
EXPENDITURES						
Public works	-		-	153,931	4,082	4,082
Culture and recreation	114,449		114,449	91,378	142,922	28,473
Urban development	872,625	806	873,431	2,233,187	2,787,385	1,913,954
Total Expenditures	987,074	806	987,880	2,478,496	2,934,389	1,946,509
Excess (deficiency) of revenues over (under) expenditures	(40,747)	-	(40,747)	(357,704)	(357,704)	316,957
OTHER FINANCING SOURCES (USES)						
Transfers in	154,339	-	154,339	357,704	357,704	(203,365)
Total other financing sources (uses)	154,339	-	154,339	357,704	357,704	(203,365)
Net change in fund balance	113,592	-	113,592	-	-	113,592
Fund balance - beginning of year	97,362	(38,475)	58,887	58,887	58,887	-
Fund balance - end of year	\$ 210,954	\$ (38,475)	\$ 172,479	\$ 58,887	\$ 58,887	\$ 113,592

CITY OF KENNER, LOUISIANA
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT BLOCK GRANT FUND
Year Ended June 30, 2006

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGETARY AMOUNTS ORIGINAL BUDGET	FINAL BUDGET	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
EXPENDITURES						
Public works:						
Capital outlay	\$ -	\$ -	\$ -	\$ 153,931	\$ 4,082	\$ 4,082
Total public works	-	-	-	153,931	4,082	4,082
Culture and recreation:						
Capital outlay	114,449	-	114,449	91,378	142,922	28,473
Total culture and recreation	114,449	-	114,449	91,378	142,922	28,473
Urban development:						
Personnel	427,646	-	427,646	480,482	487,889	60,243
Supplies	1,018	-	1,018	3,694	2,287	1,269
Service charges	50,072	-	50,072	53,305	54,712	4,640
Capital Outlay	393,889	806	394,695	1,695,706	2,242,497	1,847,802
Total urban development	872,625	806	873,431	2,233,187	2,787,385	1,913,954
Total expenditures	\$ 987,074	\$ 806	\$ 987,880	\$ 2,478,496	\$ 2,934,389	\$ 1,946,509

CITY OF KENNER, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ROADS AND BRIDGES FUND
Year Ended June 30, 2006

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGETARY AMOUNTS		VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
				ORIGINAL BUDGET	FINAL BUDGET	
REVENUES						
Taxes:						
Ad valorem tax	\$ 328,167	\$ -	\$ 328,167	\$ 839,185	\$ 439,185	\$ (111,018)
Intergovernmental	53,905	-	53,905	-	53,905	-
Interest	-	-	-	-	-	-
Total revenues	<u>382,072</u>	<u>-</u>	<u>382,072</u>	<u>839,185</u>	<u>493,090</u>	<u>(111,018)</u>
EXPENDITURES						
Public works:						
Personnel	792,351	-	792,351	861,128	817,351	25,000
Supplies	198,374	(5,062)	193,312	254,048	195,969	2,657
Service charges	2,231	-	2,231	30,200	8,200	5,969
Total expenditures	<u>992,956</u>	<u>(5,062)</u>	<u>987,894</u>	<u>1,145,376</u>	<u>1,021,520</u>	<u>33,626</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(610,884)</u>	<u>5,062</u>	<u>(605,822)</u>	<u>(306,191)</u>	<u>(528,430)</u>	<u>(77,392)</u>
OTHER FINANCING SOURCES						
Transfers in	610,884	-	610,884	306,191	528,430	82,454
Net change in fund balance	-	5,062	5,062	-	-	5,062
Fund balance - beginning of year	<u>5,062</u>	<u>(5,062)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - end of year	<u>\$ 5,062</u>	<u>\$ -</u>	<u>\$ 5,062</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,062</u>

CITY OF KENNER, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
STREET LIGHTING FUND
Year Ended June 30, 2006

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGETARY AMOUNTS		VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
				ORIGINAL BUDGET	FINAL BUDGET	
REVENUES						
Taxes:						
Ad valorem tax	20	\$ -	\$ 20	\$ -	\$ -	\$ 20
Intergovernmental	16,093	-	16,093	-	16,093	-
Miscellaneous	-	-	-	-	-	-
Total revenues	16,113	-	16,113	-	16,093	20
EXPENDITURES						
Public works:						
Personnel	160,851	-	160,851	154,276	161,890	1,039
Supplies	51,973	14,286	66,259	68,170	65,503	(756)
Service charges	946,948	-	946,948	975,936	1,012,843	65,895
Total expenditures	1,159,772	14,286	1,174,058	1,198,382	1,240,236	66,178
Excess (deficiency) of revenues over (under) expenditures	(1,143,659)	(14,286)	(1,157,945)	(1,198,382)	(1,224,143)	66,198
OTHER FINANCING SOURCES						
Transfers in	1,157,945	-	1,157,945	1,198,382	1,224,143	(66,198)
Net change in fund balance	14,286	(14,286)	-	-	-	-
Fund balance - beginning of year	296	(296)	-	-	-	-
Fund balance - end of year	\$ 14,582	\$ (14,582)	\$ -	\$ -	\$ -	\$ -

CITY OF KENNER, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
AD VALOREM TAX BONDS FUND
Year Ended June 30, 2006

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGETARY AMOUNTS		VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
				ORIGINAL BUDGET	FINAL BUDGET	
REVENUES						
Taxes:						
Ad valorem tax	\$ 1,981,262	\$ -	\$ 1,981,262	\$ 1,976,845	\$ 1,976,845	\$ 4,417
Interest on invested funds	302	-	302	-	-	302
Total revenues	1,981,564	-	1,981,564	1,976,845	1,976,845	4,719
EXPENDITURES						
Debt service:						
Principal	1,175,000	-	1,175,000	1,175,000	1,175,000	-
Interest and fiscal charges	801,845	-	801,845	801,845	801,845	-
Agent fees	-	-	-	-	-	-
Total expenditures	1,976,845	-	1,976,845	1,976,845	1,976,845	-
Excess (deficiency) of revenues over (under) expenditures	4,719	-	4,719	-	-	4,719
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Net change in fund balance	4,719	-	4,719	-	-	4,719
Fund balance - beginning of year	14,461	-	14,461	14,461	14,461	-
Fund balance - end of year	\$ 19,180	\$ -	\$ 19,180	\$ 14,461	\$ 14,461	\$ 4,719

CITY OF KENNER, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FIREMEN'S PENSION MERGER FUND
Year Ended June 30, 2006

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGETARY AMOUNTS		VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
				ORIGINAL BUDGET	FINAL BUDGET	
REVENUES						
Taxes						
Fire insurance premium	\$ 205,872	\$ -	\$ 205,872	\$ 204,423	\$ 204,423	\$ 1,449
Interest on invested funds	23,478	-	23,478	10,500	10,500	12,978
Miscellaneous	107,613	-	107,613	22,780	22,780	84,833
Total revenues	336,963	-	336,963	237,703	237,703	99,260
EXPENDITURES						
Debt service:						
Principal	46,831	-	46,831	46,831	46,831	-
Interest and fiscal charges	190,872	-	190,872	190,872	190,872	-
Total expenditures	237,703	-	237,703	237,703	237,703	-
Excess (deficiency) of revenues over (under) expenditures	99,260	-	99,260	-	-	99,260
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Net change in fund balance	99,260	-	99,260	-	-	99,260
Fund balance - beginning of year	240,974	-	240,974	240,974	240,974	-
Fund balance - end of year	\$ 340,234	\$ -	\$ 340,234	\$ 240,974	\$ 240,974	\$ 99,260

CITY OF KENNER, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL DEBT FUND
Year Ended June 30, 2006

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGETARY AMOUNTS		VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
				ORIGINAL BUDGET	FINAL BUDGET	
REVENUES						
Taxes:						
Sales tax	\$ 4,086,388	\$ -	\$ 4,086,388	\$ 3,984,890	\$ 3,984,890	\$ 101,498
Interest on invested funds	152,311	-	152,311	114,000	114,000	38,311
Miscellaneous	100,613	(100,613)	-	-	-	-
Total revenues	4,339,312	(100,613)	4,238,699	4,098,890	4,098,890	139,809
EXPENDITURES						
Debt service:						
Principal	3,735,317	(95,317)	3,640,000	3,640,000	3,640,000	-
Interest	1,788,306	(5,296)	1,783,010	1,783,012	1,783,012	2
Miscellaneous	36,000	-	36,000	36,000	36,000	-
Total expenditures	5,559,623	(100,613)	5,459,010	5,459,012	5,459,012	2
Excess (deficiency) of revenues over (under) expenditures	(1,220,311)	-	(1,220,311)	(1,360,122)	(1,360,122)	139,811
OTHER FINANCING SOURCES (USES)						
Transfers in	1,571,289	-	1,571,289	1,360,122	1,360,122	211,167
Transfers out	(198,055)	-	(198,055)	-	-	(198,055)
Total other financing sources (uses)	1,373,234	-	1,373,234	1,360,122	1,360,122	13,112
Net change in fund balance	152,923	-	152,923	-	-	152,923
Fund balance - beginning of year	3,882,871	-	3,882,871	3,882,871	3,882,871	-
Fund balance - end of year	\$ 4,035,794	\$ -	\$ 4,035,794	\$ 3,882,871	\$ 3,882,871	\$ 152,923

CITY OF KENNER, LOUISIANA
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL
WASTEWATER OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2006

	ACTUAL	ADJ. TO BUDGETARY BASIS	BUDGETARY	BUDGETARY AMOUNTS ORIGINAL BUDGET	FINAL BUDGET	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
OPERATING REVENUES						
Charges for services						
Sewerage service charges	\$ 3,654,041	\$ -	\$ 3,654,041	\$ 4,436,333	\$ 3,736,333	\$ (82,292)
Miscellaneous	928	-	928	953	953	(25)
Total operating revenues	<u>3,654,969</u>	<u>-</u>	<u>3,654,969</u>	<u>4,437,286</u>	<u>3,737,286</u>	<u>(82,317)</u>
OPERATING EXPENSES						
Supplies and other expenses	1,120	-	1,120	-	1,500	380
Building and maintenance expenses	100	-	100	25,000	25,100	25,000
Outside services	4,811,152	-	4,811,152	4,826,240	4,824,540	13,388
Insurance claims	-	-	-	-	-	-
Insurance premiums	-	-	-	-	-	-
Depreciation	1,980,237	(1,980,237)	-	-	-	-
Other	29,893	-	29,893	313,926	314,026	284,133
Total operating expenses	<u>6,822,502</u>	<u>(1,980,237)</u>	<u>4,842,265</u>	<u>5,165,166</u>	<u>5,165,166</u>	<u>322,901</u>
Operating income (loss)	<u>(3,167,533)</u>	<u>1,980,237</u>	<u>(1,187,296)</u>	<u>(727,880)</u>	<u>(1,427,880)</u>	<u>240,584</u>
NON-OPERATING REVENUES (EXPENSES)						
Ad valorem taxes	478,714	-	478,714	547,349	547,349	(68,635)
Interest income	784	-	784	750	750	34
Interest expense	(652)	-	(652)	(4,172)	(4,172)	3,520
Total non-operating revenues (expenses)	<u>478,846</u>	<u>-</u>	<u>478,846</u>	<u>543,927</u>	<u>543,927</u>	<u>(65,081)</u>
Income (loss) before contributions and transfers	<u>(2,688,687)</u>	<u>1,980,237</u>	<u>(708,450)</u>	<u>(183,953)</u>	<u>(883,953)</u>	<u>175,503</u>
Capital contributions	5,731,335	(5,731,335)	-	-	-	-
Transfer in	903,228	-	903,228	-	700,000	203,228
Change in net assets	<u>3,945,876</u>	<u>(3,751,098)</u>	<u>194,778</u>	<u>(183,953)</u>	<u>(183,953)</u>	<u>378,731</u>
Net assets - beginning of year	<u>49,866,115</u>	<u>17,355,981</u>	<u>67,222,096</u>	<u>67,222,096</u>	<u>67,222,096</u>	<u>-</u>
Net assets - end of year	<u>\$ 53,811,991</u>	<u>\$ 13,604,883</u>	<u>\$ 67,416,874</u>	<u>\$ 67,038,143</u>	<u>\$ 67,038,143</u>	<u>\$ 378,731</u>

CITY OF KENNER, LOUISIANA
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL
CIVIC CENTER OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2006

	ACTUAL	ADJ. TO BUDGETARY BASIS	BUDGETARY	BUDGETARY AMOUNTS		VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
				ORIGINAL BUDGET	FINAL BUDGET	
OPERATING REVENUES						
Charges for services:						
Rental charges	\$ 565,949	\$ -	\$ 565,949	\$ 706,500	\$ 380,898	\$ 185,051
Parking	20,890	-	20,890	62,000	17,975	2,915
Concessions	61,634	-	61,634	70,525	50,867	10,767
Catering	69,903	-	69,903	112,225	60,148	9,755
Reimbursed services	84,698	182,265	266,963	185,500	62,443	204,520
Advertising	40,938	-	40,938	38,500	113,659	(72,721)
Miscellaneous	5,412	-	5,412	6,000	2,020	3,392
Total charges for services	849,424	182,265	1,031,689	1,181,250	688,010	343,679
Miscellaneous	13,340	-	13,340	22,150	65,390	(52,050)
Total operating revenues	862,764	182,265	1,045,029	1,203,400	753,400	291,629
OPERATING EXPENSES						
Supplies and other expenses	137	-	137	20,480	20,480	20,343
Building and maintenance expense	622,538	2,211,605	2,834,143	820,680	5,175,755	2,341,612
Outside services	1,011,426	-	1,011,426	1,132,230	1,132,230	120,804
Insurance premiums	103,319	-	103,319	108,250	108,250	4,931
General expenses:						
Depreciation	525,026	(525,026)	-	-	-	-
Other	-	120,918	120,918	-	-	(120,918)
Total operating expenses	2,262,446	1,807,497	4,069,943	2,081,640	6,436,715	2,366,772
Operating Income (loss)	(1,399,682)	(1,625,232)	(3,024,914)	(878,240)	(5,683,315)	2,658,401
NON-OPERATING REVENUES						
Hotel/motel taxes	489,735	-	489,735	441,831	441,831	47,904
Cable television franchise fees	264,847	-	264,847	378,231	378,231	(113,384)
Interest income	126,263	-	126,263	83,219	83,219	43,044
Gain on disposal of assets	676,624	(676,624)	-	-	-	-
Proceeds from insurance	-	3,655,075	3,655,075	-	3,655,075	-
Total non-operating revenues	1,557,469	2,978,451	4,535,920	903,281	4,558,356	(22,436)
Change in net assets	157,787	1,353,219	1,511,006	25,041	(1,124,959)	2,635,965
Net assets - beginning of year	21,956,191	7,546,648	29,502,839	29,502,839	29,502,839	-
Net assets - end of year	\$ 22,113,978	\$ 8,899,867	\$ 31,013,845	\$ 29,527,880	\$ 28,377,880	\$ 2,635,965

CITY OF KENNER, LOUISIANA
INTERNAL SERVICE FUND DESCRIPTIONS
June 30, 2006

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

SELF-INSURANCE FUND

The Self-Insurance Fund accounts for monies accumulated to provide automobile, property damage and worker's compensation for which the City is self-insured.

HEALTH INSURANCE FUND

The Health Insurance Fund accounts for monies accumulated to pay the health insurance premiums.

CITY OF KENNER, LOUISIANA
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
June 30, 2006

	<u>SELF- INSURANCE FUND</u>	<u>HEALTH INSURANCE FUND</u>	<u>TOTAL</u>
ASSETS			
Cash	\$ 739,356	\$ 75	\$ 739,431
Equity in pooled cash	-	103	103
Investments	2,281,059	-	2,281,059
Due from other funds	<u>610,629</u>	<u>-</u>	<u>610,629</u>
Total assets	<u>3,631,044</u>	<u>178</u>	<u>3,631,222</u>
LIABILITIES			
Accounts payable	1,449	-	1,449
Estimated claims payable	2,939,581	-	2,939,581
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>2,941,030</u>	<u>-</u>	<u>2,941,030</u>
NET ASSETS			
Restricted	<u><u>\$ 690,014</u></u>	<u><u>\$ 178</u></u>	<u><u>\$ 690,192</u></u>

CITY OF KENNER, LOUISIANA
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
INTERNAL SERVICE FUNDS
Year Ended June 30, 2006

	SELF- INSURANCE FUND	HEALTH INSURANCE FUND	TOTAL
OPERATING REVENUES			
Charges for services	\$ 715,000	\$ 4,236,978	\$ 4,951,978
OPERATING EXPENSES			
Outside services	300,333	-	300,333
Insurance claims	920,703	-	920,703
Insurance premiums	-	4,349,191	4,349,191
Total operating expenses	1,221,036	4,349,191	5,570,227
Operating loss	(506,036)	(112,213)	(618,249)
NON-OPERATING REVENUE			
Interest revenue	145,930	4,104	150,034
Total non-operating revenue	145,930	4,104	150,034
Change in net assets	(360,106)	(108,109)	(468,215)
Net assets - beginning of year	1,050,120	108,287	1,158,407
Net assets - end of year	\$ 690,014	\$ 178	\$ 690,192

CITY OF KENNER, LOUISIANA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year Ended June 30, 2006

	SELF- INSURANCE FUND	HEALTH INSURANCE FUND	TOTAL
Cash flows from operating activities:			
Receipts from insured	\$ 715,000	\$ 4,236,978	\$ 4,951,978
Payments to suppliers	(1,283,460)	(4,350,855)	(5,634,315)
Internal activity - payments to other funds	(655,271)	-	(655,271)
Net cash provided by (used for) operating activities	(1,223,731)	(113,877)	(1,337,608)
Cash flows from investing activities:			
Proceeds from sales and maturities of investments	9,982,213	-	9,982,213
Purchase of investments	(9,372,487)	-	(9,372,487)
Interest and dividends received	145,929	4,104	150,033
Net cash provided by (used for) investing activities	755,655	4,104	759,759
Net increase (decrease) in cash and cash equivalents	(468,076)	(109,773)	(577,849)
Cash and cash equivalents, beginning of year	1,207,432	109,951	1,317,383
Cash and cash equivalents, end of year	\$ 739,356	\$ 178	\$ 739,534
Reconciliation to Statement of Net Assets:			
Cash	\$ 739,356	\$ 75	\$ 739,431
Equity in pooled cash	-	103	103
Cash and cash equivalents, end of year	\$ 739,356	\$ 178	\$ 739,534
Reconciliation of operating income to net cash provided by (used for) operating activities:			
Operating loss	\$ (506,036)	\$ (112,213)	\$ (618,249)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Change in assets and liabilities:			
Decrease (increase) in due from other funds	(610,629)	-	(610,629)
Decrease (increase) in accounts payable	(17,670)	(1,664)	(19,334)
Increase (decrease) in estimated claims payable	(44,754)	-	(44,754)
Increase (decrease) in due to other funds	(44,642)	-	(44,642)
Total adjustments	(717,695)	(1,664)	(719,359)
Net cash provided by (used for) operating activities	\$ (1,223,731)	\$ (113,877)	\$ (1,337,608)

CITY OF KENNER, LOUISIANA
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
INTERNAL SERVICE FUNDS
Year Ended June 30, 2006

	SELF- INSURANCE FUND	HEALTH INSURANCE FUND	TOTAL
Noncash investing, capital, and financing activities:			
Gain on fair market value of investments	\$ 19,219	\$ -	\$ 19,219
(Increase) in fair market value of investments	<u>(19,219)</u>	<u>-</u>	<u>(19,219)</u>
Net effect of noncash activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF KENNER, LOUISIANA
AGENCY FUND DESCRIPTIONS
June 30, 2006

Agency funds are used to account for the collection and remittance of resources for other governments or funds collected on their behalf.

AIRPORT SALES TAX FUND

The Airport Sales Tax Fund is used to account for the proceeds of sales taxes generated from a special 2% sales tax assessed within the Airport Taxing District, and to distribute to the appropriate taxing bodies.

CITY OF KENNER, LOUISIANA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
For the Year Ended June 30, 2006

	AIRPORT SALES TAX FUND			
	<u>BALANCE</u> <u>7/1/2005</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>6/30/2006</u>
ASSETS				
Equity in pooled cash	\$ -	\$ 550,710	\$ 550,710	\$ -
Intergovernmental	<u>354,927</u>	<u>272,654</u>	<u>445,811</u>	<u>181,770</u>
Total assets	<u>\$ 354,927</u>	<u>\$ 823,364</u>	<u>\$ 996,521</u>	<u>\$ 181,770</u>
LIABILITIES				
Due to other funds	\$ 118,309	\$ -	\$ 118,309	\$ -
Due to other governments	<u>236,618</u>	<u>181,770</u>	<u>236,618</u>	<u>181,770</u>
Total liabilities	<u>\$ 354,927</u>	<u>\$ 181,770</u>	<u>\$ 354,927</u>	<u>\$ 181,770</u>

STATISTICAL SECTION

This part of the City of Kenner's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the city's overall financial health.

Contents

Schedules

Financial Trends

1 - 4

These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.

Revenue Capacity

5 - 9

These schedules contain information to help the reader assess the city's most significant local revenue source, the sales tax, as well as the property tax.

Debt Capacity

10 - 14

These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.

Demographic and Economic Information

15 - 16

These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place.

Operating Information

17 - 19

These schedules contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The city implemented GASB Statement 34 in fiscal year 2003; schedules presenting government-wide information include information beginning in that year.

CITY OF KENNER, LOUISIANA
SCHEDULE 1 -- NET ASSETS BY COMPONENT
LAST FOUR FISCAL YEARS
(accrual basis of accounting)
(Unaudited)

	Fiscal Year			
	2003	2004	2005	2006
Governmental activities				
Invested in capital assets, net of related debt	\$ 287,195,152	\$ 274,889,538	\$ 265,281,815	\$ 256,363,785
Restricted	49,913,756	38,374,872	26,478,404	21,009,433
Unrestricted	2,876,355	8,872,178	11,105,112	14,879,543
Total governmental activities net assets	\$ 339,985,263	\$ 322,136,588	\$ 302,865,331	\$ 292,252,761
Business-type activities				
Invested in capital assets, net of related debt	\$ 62,652,547	\$ 61,818,200	\$ 67,666,013	\$ 70,241,549
Restricted	31,438,358	32,272,705	-	-
Unrestricted	(27,764,318)	(28,471,652)	4,156,291	5,684,420
Total business-type activities net assets	\$ 66,326,587	\$ 65,619,253	\$ 71,822,304	\$ 75,925,969
Primary government				
Invested in capital assets, net of related debt	\$ 349,847,699	\$ 336,707,738	\$ 332,947,828	\$ 326,605,334
Restricted	81,352,114	70,647,577	26,478,404	21,009,433
Unrestricted	(24,887,963)	(19,599,474)	15,261,403	20,563,963
Total primary government net assets	\$ 406,311,850	\$ 387,755,841	\$ 374,687,635	\$ 368,178,730

CITY OF KENNER, LOUISIANA
SCHEDULE 2 -- CHANGES IN NET ASSETS
LAST FOUR FISCAL YEARS
(accrual basis of accounting)
(Unaudited)

	Fiscal Year			
	2003	2004	2005	2006
Expenses				
Governmental activities:				
General government	\$ 10,598,042	\$ 10,106,706	\$ 11,136,386	\$ 16,926,989
Public safety	26,394,699	29,638,690	27,037,221	28,711,953
Public works	23,669,806	35,090,785	40,350,132	59,920,613
Health and welfare	911,318	731,349	832,148	866,376
Culture and recreation	5,096,004	5,173,813	5,599,300	6,199,348
Transit and urban development	1,072,363	1,385,637	1,405,662	1,219,917
Miscellaneous	1,274,825	1,110,104	1,243,559	-
Interest on long-term debt and other charges	3,896,539	2,969,250	2,890,988	2,673,906
Total government activities expenses	<u>72,913,596</u>	<u>86,206,334</u>	<u>90,495,396</u>	<u>116,519,102</u>
Business-type activities:				
Wastewater operations	6,578,598	6,649,060	6,724,642	6,822,502
Civic center operations	2,554,315	2,260,446	2,297,633	2,262,446
Total business-type activities expenses	<u>9,132,913</u>	<u>8,909,506</u>	<u>9,022,275</u>	<u>9,084,948</u>
Total primary government expenses	<u>\$ 82,046,509</u>	<u>\$ 95,115,840</u>	<u>\$ 99,517,671</u>	<u>\$ 125,604,050</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 5,630,748	\$ 5,575,455	\$ 5,292,167	\$ 5,386,009
Public safety	2,965,595	3,128,651	3,807,737	2,915,463
Public works	3,849,483	3,989,015	4,068,182	3,229,627
Other activities	872,419	978,893	1,101,295	1,055,042
Operating grants and contributions	1,997,317	1,509,754	1,539,206	33,969,171
Capital grants and contributions	1,017,391	1,573,326	3,144,655	2,713,108
Total governmental activities program revenues	<u>16,332,953</u>	<u>16,755,094</u>	<u>18,953,242</u>	<u>49,268,420</u>
Business-type activities:				
Charges for services:				
Wastewater operations	4,134,963	3,932,758	4,108,180	3,654,041
Civic center operations	1,507,672	1,168,806	1,177,791	849,424
Operating grants and contributions	-	-	-	-
Capital grants and contributions	1,155,685	1,309,657	8,123,606	5,731,335
Total business-type activities program revenues	<u>6,798,320</u>	<u>6,411,221</u>	<u>13,409,577</u>	<u>10,234,800</u>
Total primary government program revenues	<u>\$ 23,131,273</u>	<u>\$ 23,166,315</u>	<u>\$ 32,362,819</u>	<u>\$ 59,503,220</u>

(continued)

CITY OF KENNER, LOUISIANA
CHANGES IN NET ASSETS
LAST FOUR FISCAL YEARS (CONTINUED)
(accrual basis of accounting)
(Unaudited)

	Fiscal Year		
	2003	2004	2005
Net (Expense) Revenue			
Governmental activities	\$ (56,580,643)	\$ (69,451,240)	\$ (71,542,154)
Business-type activities	(2,334,593)	(2,498,285)	4,387,302
Total primary government net expense	\$ (58,915,236)	\$ (71,949,525)	\$ (67,154,852)
General Revenues and Other Changes in Net Assets			
Governmental activities:			
Taxes			
Ad valorem	\$ 5,284,860	\$ 8,420,830	\$ 8,202,464
Sales and use	29,420,733	30,685,123	31,510,382
Beer tax	74,909	75,950	70,958
Parking	1,353,154	1,490,617	1,627,788
Franchise	9,154,813	9,371,889	9,408,622
Unrestricted grants and contributions	536,545	95,113	206,922
Investment earnings	469,453	285,266	925,014
Miscellaneous	288,714	391,399	318,747
Gain (loss) on disposal of capital assets	-	-	-
Transfers	-	-	-
Total governmental activities	46,583,181	50,816,187	52,270,897
Business-type activities:			
Taxes			
Ad valorem	446,376	552,763	535,700
Sales and use	324,110	428,898	493,112
Franchise	705,592	760,031	726,550
Unrestricted grants and contributions	12,522	-	-
Investment earnings	31,548	27,142	47,724
Miscellaneous	16,816	22,117	12,663
Gain (loss) on disposal of capital assets	-	-	-
Transfers	-	-	-
Total business-type activities	1,536,964	1,790,951	1,815,749
Total primary government	\$ 48,120,145	\$ 52,607,138	\$ 54,086,646
Change in Net Assets			
Governmental activities	\$ (9,997,462)	\$ (18,635,053)	\$ (19,271,257)
Business-type activities	(797,629)	(707,334)	6,203,051
Total primary government	\$ (10,795,091)	\$ (19,342,387)	\$ (13,068,206)

CITY OF KENNER, LOUISIANA
SCHEDULE 3 -- FUND BALANCES OF GOVERNMENTAL FUNDS
LAST FOUR FISCAL YEARS
(modified accrual basis of accounting)
(Unaudited)

	Fiscal Year			
	2003	2004	2005	2006
General fund				
Reserved	\$ 7,338,139	\$ 1,534,036	\$ 1,807,313	\$ 3,488,905
Unreserved	<u>3,978,777</u>	<u>9,192,906</u>	<u>8,566,552</u>	<u>11,923,761</u>
Total general fund	<u>\$ 11,316,916</u>	<u>\$ 10,726,942</u>	<u>\$ 10,373,865</u>	<u>\$ 15,412,666</u>
All other governmental funds				
Reserved	\$ 7,557,497	\$ 7,369,895	\$ 12,612,559	\$ 8,873,307
Unreserved, reported in:				
Special revenue funds	596,819	1,068,431	850,335	101,618
Capital projects funds	<u>30,864,692</u>	<u>27,038,670</u>	<u>13,873,112</u>	<u>12,298,987</u>
Total all other governmental funds	<u>\$ 39,019,008</u>	<u>\$ 35,476,996</u>	<u>\$ 27,336,006</u>	<u>\$ 21,273,912</u>

CITY OF KENNER, LOUISIANA
SCHEDULE 4 -- CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST FOUR YEARS

(modified accrual basis of accounting)
(Unaudited)

	Fiscal Year		
	2003	2004	2005
Revenues			
Taxes	\$ 44,303,236	\$ 48,272,274	\$ 53,238,001
Licenses and permits	2,618,274	2,687,581	2,681,243
Intergovernmental	4,026,343	3,914,996	38,022,399
Charges for services	3,356,027	3,450,591	2,807,703
Fines and forfeitures	2,613,318	2,472,038	1,470,243
Interest	337,857	229,500	1,161,375
Miscellaneous	943,194	1,560,180	1,765,627
Total revenues	58,198,249	62,587,160	101,146,591
Expenditures			
General government			
Public safety	9,471,276	9,446,197	15,872,062
Public works	23,103,465	23,412,514	24,607,342
Health and welfare	30,259,491	16,770,248	43,955,321
Culture and recreation	762,666	675,729	768,738
Transit and urban development	7,106,462	6,779,011	7,072,612
Miscellaneous	1,037,821	1,333,340	1,216,410
Debt Service	1,236,095	1,103,691	-
Principal	3,579,096	4,933,939	4,957,148
Interest and fiscal charges	2,373,071	2,966,450	2,781,023
Agent Fees	1,247,745	49,905	-
Miscellaneous	18,000	34,500	36,000
Total expenditures	80,195,188	67,505,524	101,266,656
Excess (deficiency) of revenues over (under) expenditures	(21,996,939)	(4,918,364)	(120,065)
Other financing sources (uses)			
Transfers in	18,358,647	21,552,254	23,673,849
Transfers out	(18,358,647)	(21,552,254)	(24,577,077)
Payment to refunded bond escrow agent	(22,070,959)	-	-
Proceeds of refunding bonds and other debt	59,635,782	-	-
Total other financing sources (uses)	37,564,823	-	(903,228)
Net change in fund balances	\$ 15,567,884	\$ (4,918,364)	\$ (1,023,293)
Debt service, (interest and principal only) as a percentage of noncapital expenditures	7.4%	11.7%	7.6%

CITY OF KENNER, LOUISIANA
SCHEDULE 5 -- DIRECT AND OVERLAPPING SALES TAX RATES
LAST TEN YEARS
(Unaudited)

Fiscal Year	City Direct Rate (1)	Overlapping Rates	
		Jefferson Parish (2)	Jefferson Parish School Board
1997	2.5833%	0.1667%	2.0000%
1998	2.5833%	0.1667%	2.0000%
1999	2.5833%	0.1667%	2.0000%
2000	2.5833%	0.1667%	2.0000%
2001	2.5833%	0.1667%	2.0000%
2002	2.5833%	0.1667%	2.0000%
2003	2.5833%	0.1667%	2.0000%
2004	2.5833%	0.1667%	2.0000%
2005	2.5833%	0.1667%	2.0000%
2006	2.5833%	0.1667%	2.0000%

NOTES: (1) As discussed in NOTE F to the Financial Statements, the State of Louisiana levies a 4.0% sales tax on purchases within the City of Kenner. In addition, the Parish of Jefferson levies a 4.75% sales tax on purchases within the City of Kenner. From the 4.75% levied by Jefferson Parish, 2.5833% is collected for, and remitted to, the City of Kenner. The sales tax rate is determined by the Jefferson Parish Council, subject to the approval of the voters of Jefferson Parish. The City of Kenner also receives one-third of a 2% sales tax on purchases made in the airport taxing district located within the city limits, but this amount is insignificant compared to the City's share of the 4.75% Jefferson Parish sales tax.

(2) Jefferson Parish retains .1667% of the 4.75% sales tax levied on purchases within the City of Kenner.

(3) Information regarding the breakdown of taxable sales by category is not available.

(4) Information regarding the principal sales tax remitters is not available.

CITY OF KENNER, LOUISIANA
SCHEDULE 6 -- ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Real Estate	Personal Property	Tax Sale	Public Service Corporations	Railway Rolling Stock	Total Assessments	Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value (1) as a Percentage of Actual Value
1997	\$ 237,074,541	\$ 58,195,479	\$4,257,761	\$30,995,528	\$ 42,070	\$330,565,379	\$ 98,398,673	\$232,166,706	\$ 21.87	\$ 3,008,210,200	7.72%
1998	241,398,331	60,938,732	3,699,541	30,195,387	44,920	336,276,911	99,263,364	237,013,547	21.70	3,058,838,980	7.75%
1999	245,918,850	62,500,241	4,820,151	28,922,196	43,660	342,205,098	99,690,817	242,514,281	21.70	3,117,163,990	7.78%
2000	254,284,120	65,933,841	4,459,761	30,302,781	58,630	355,039,133	101,418,082	253,621,051	21.70	3,229,407,157	7.85%
2001	291,404,556	68,936,961	2,799,070	32,836,974	59,320	396,036,881	106,566,854	289,470,027	19.24	3,620,924,627	7.99%
2002	301,464,836	64,234,420	3,064,840	31,651,971	54,620	400,470,687	106,533,925	293,936,762	19.24	3,684,903,500	7.98%
2003	311,030,813	68,166,379	3,464,023	30,730,166	60,770	413,452,151	107,177,755	306,274,396	18.99	3,804,663,793	8.05%
2004	322,026,628	77,645,279	1,989,158	31,033,936	57,070	432,752,071	107,368,993	325,383,078	27.79	3,965,066,427	8.21%
2005	369,431,810	79,188,729	3,320,253	32,768,233	57,790	484,766,815	110,125,676	374,641,139	24.34	4,474,285,643	8.37%
2006	286,403,720	86,273,418	1,207,933	32,958,375	54,090	406,897,536	88,406,826	318,490,710	23.93	3,671,355,750	8.68%

Source: Jefferson Parish Assessor's Office.

NOTE: Assessed values are established by the Parish Assessor by December of each year at 10 percent of assumed market value for real property and 15 percent of assumed market value for other property. A revaluation of all property is required to be completed every four years. The last revaluation was completed for December, 2004. Tax rates are per \$100 of assessed value.

(Includes tax-exempt property.

CITY OF KENNER, LOUISIANA
SCHEDULE 7 – DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(Rate per \$100 of Assessed Value)
(Unaudited)

Fiscal Year	City Direct Rates							Overlapping Rate		Total Direct & Overlapping Rates
	Basic Rate	Garbage Collection	Fire Protection	General Obligation Debt Service	Street Maintenance & Improvement	Wastewater Operations	Total Direct	Jefferson Parish Districts (1)		
1997	\$ 3.51	\$ 2.71	\$ 12.42	\$ 1.30	-	\$ 1.93	21.87	\$ 67.62	\$ 89.49	
1998	3.51	2.71	12.42	1.13	-	1.93	21.70	68.86	90.56	
1999	3.51	2.71	12.42	1.13	-	1.93	21.70	69.29	90.99	
2000	3.51	2.71	12.42	1.13	-	1.93	21.70	69.29	90.99	
2001	3.11	2.40	11.02	1.00	-	1.71	19.24	61.36	80.60	
2002	3.11	2.40	11.02	1.00	-	1.71	19.24	67.75	86.99	
2003	3.11	2.40	11.02	0.75	-	1.71	18.99	68.99	87.98	
2004	3.11	2.40	11.02	0.75	8.80	1.71	27.79	69.82	97.61	
2005	2.75	2.12	9.76	0.41	7.79	1.51	24.34	67.25	91.59	
2006	2.75	2.12	9.76	-	7.79	1.51	23.93	76.95	100.88	

(1) Source: Jefferson Parish Assessor.

CITY OF KENNER, LOUISIANA
SCHEDULE 8 – PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)

Taxpayer	June 30, 2006			June 30, 1997		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Southwest Airlines	10,128,140	1	3.2%	5,542,400	3	1.7%
Esplanade Mall Ltd. Partnership	8,979,640	2	2.8%			
Entergy Services	4,736,252	3	1.5%	4,372,945	5	1.3%
BellSouth Telecommunications	4,558,170	4	1.4%	7,806,320	1	2.4%
Treasure Chest Casino	4,118,073	5	1.3%	4,108,799	6	1.2%
Alltel Rash & Associates	3,326,343	6	1.0%			
Continental Airlines	2,879,280	7	0.9%	2,687,790	10	0.8%
Lifemark Hospitals of Louisiana, La.	2,749,750	8	0.9%	2,828,210	9	0.9%
Karl Senner, Inc.	2,570,073	9	0.8%			
Wal-Mart Real Estate Business Trust	2,489,000	10	0.8%			
Freeport McMoRan				5,793,722	2	1.8%
CF Kenner Associates				4,880,000	4	1.5%
Sterik Company				2,883,720	7	0.9%
Delta Airlines				2,850,390	8	0.9%
Totals	<u>\$46,534,721</u>		<u>14.60%</u>	<u>\$43,754,296</u>		<u>13.40%</u>

Source: City of Kenner Finance Department

CITY OF KENNER, LOUISIANA
SCHEDULE 9 – PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Taxes Levied for the Fiscal Year	Collected (or Adjusted) within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1997	\$ 5,077,528	\$ 4,918,121	96.86%	\$ 146,590	\$ 5,064,711	99.75%
1998	5,143,207	5,005,049	97.31%	122,592	5,127,641	99.70%
1999	5,262,573	5,040,482	95.78%	209,130	5,249,612	99.75%
2000	5,503,590	5,312,280	96.52%	179,772	5,492,052	99.79%
2001	5,569,405	5,441,556	97.70%	67,540	5,509,096	98.92%
2002	5,655,345	5,455,652	96.47%	144,106	5,599,758	99.02%
2003	5,816,207	5,587,414	96.07%	106,365	5,693,779	97.90%
2004	9,042,453	8,675,012	95.94%	184,979	8,859,991	97.98%
2005	9,118,769	8,781,235	96.30%	91,624	8,872,859	97.30%
2006	7,621,482	6,977,226	91.55%	N/A	6,977,226	91.55%

Source: City of Kenner Finance Department

CITY OF KENNER, LOUISIANA
SCHEDULE 10 -- RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Governmental Activities						Business-Type Activities				
	General Obligation Bonds	Sales Tax Revenue Bonds	Certificates of Indebtedness	LCDA Revenue Bonds	Notes Payable	Capital Lease Obligations	Other Obligations	Mortgage Payable	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
1997	\$ 1,785,000	\$43,155,678	\$ 6,020,000	\$ -	\$ 355,000	\$ 687,240	\$ 87,816	(2) \$ 29,178	(3) \$ 52,119,912	2.81%	\$ 704
1998	1,595,000	41,290,000	5,075,000	-	240,000	632,161	58,544	(2) 23,673	48,914,378	2.51%	659
1999	1,395,000	39,340,000	4,085,000	-	3,082,795	573,173	29,272	(2) 21,723	48,526,963	2.41%	654
2000	1,190,000	37,305,000	3,045,000	-	2,926,748	510,000	-	19,575	44,996,323	2.21%	600
2001	975,000	35,165,000	8,315,000	-	2,893,506	442,344	-	17,208	47,808,058	2.50%	678
2002	750,000	32,920,000	9,090,000	-	2,857,900	393,255	2,000,000	(4) 16,994	48,028,149	2.51%	681
2003	506,042	46,414,026	8,240,000	22,345,146	2,819,769	292,289	-	14,364	80,631,636	3.86%	1,143
2004	257,869	43,878,803	7,305,000	21,084,981	2,778,934	209,185	-	11,465	75,526,237	3.39%	1,071
2005	-	41,025,198	6,315,000	19,926,077	2,735,204	120,184	-	8,271	70,129,934	3.27%	998
2006	-	37,345,000	5,260,000	18,475,000	2,688,403	24,867	-	4,751	63,798,021	2.84%	913

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

(1) See Schedule 15 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

(2) **Paving Certificates.**

(3) Includes note payable of \$3,736.

(4) Loan payable to Jefferson Parish.

CITY OF KENNER, LOUISIANA
SCHEDULE 11 -- RATIOS OF NET GENERAL BOND DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	General Bonded Debt Outstanding			Percentage of Estimated Actual Taxable Value of Property (1)	Per Capita (2)
	General Obligation Bonds	Debt Service Monies Available	Net General Obligation Bonds Outstanding		
1997	\$ 1,785,000	\$ 253,567	\$ 1,531,433	0.05%	\$ 20.69
1998	1,595,000	236,258	1,358,742	0.04%	18.32
1999	1,395,000	219,095	1,175,905	0.04%	15.84
2000	1,190,000	220,821	969,179	0.03%	12.91
2001	975,000	220,448	754,552	0.02%	10.70
2002	750,000	226,621	523,379	0.01%	7.42
2003	510,000	170,992	339,008	0.01%	4.81
2004	260,000	126,956	133,044	0.00%	1.89
2005	-	-	-	0.00%	-
2006	-	-	-	0.00%	-

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

(1) See Schedule 8 for property value data.

(2) Population data can be found in Schedule 15.

CITY OF KENNER, LOUISIANA
SCHEDULE 12 – DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2006
(Unaudited)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
Jefferson Parish	\$ 29,480,000	12.68%	\$ 3,738,064
Jefferson Parish Public School System	149,104,484	13.43%	<u>20,024,732</u>
Subtotal, overlapping debt			23,762,796
City direct debt			<u>63,793,270</u>
Total direct and overlapping debt			<u>\$ 87,556,066</u>

Sources: Assessed value data used to estimate applicable percentages provided by Jefferson Parish. Debt outstanding data provided by each governmental unit.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Kenner. This process recognizes that, when considering the city's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the city's boundaries and dividing it by each unit's total taxable assessed value.

CITY OF KENNER, LOUISIANA
SCHEDULE 13 -- LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(Unaudited)

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Debt Limit	\$ 115,697,883	\$ 117,696,919	\$ 119,771,784	\$ 124,263,697	\$ 138,612,908	\$ 140,164,740	\$ 144,708,253	\$ 151,463,225	\$ 151,463,225	\$ 142,414,138
Total net debt applicable to limit	9,825,744	8,532,373	7,318,067	5,998,413	10,195,485	10,888,036	32,395,307	5,908,911	4,739,322	3,642,404
Legal debt margin	\$ 105,872,139	\$ 109,164,546	\$ 112,453,717	\$ 118,265,284	\$ 128,417,423	\$ 129,276,704	\$ 112,312,946	\$ 145,554,314	\$ 146,723,903	\$ 138,771,734
Total net debt applicable to the limit as a percentage of debt limit	8.49%	7.25%	6.11%	4.83%	7.36%	7.77%	22.39%	3.90%	3.13%	2.56%

Legal Debt Margin Calculation for Fiscal Year 2006

Assessed value	\$ 406,897,536
Debt limit -- 35% of assessed value	142,414,138
General obligation and excess revenue bonds	5,260,000
Less: amount available for repayment of general obligation and excess revenue bonds	<u>1,617,596</u>
Total net debt applicable to limit	<u>3,642,404</u>
Legal debt margin	<u>\$ 138,771,734</u>

Note: Louisiana R.S. 39:562 allows for a maximum of 10% of the assessed valuation for bonded debt for any one purpose or 35% of the total assessed value for all purposes.

CITY OF KENNER, LOUISIANA
SCHEDULE 14 -- PLEDGED-REVENUE COVERAGE
FISCAL YEAR ENDED JUNE 30, 2006
(Unaudited)

Fiscal Year	Sales Tax Bonds				Coverage
	Sales Tax Collections	Debt Service			
		Principal	Interest		
2006	\$ 13,244,141	\$ 2,585,000	\$ 1,465,886	3.27	

NOTES: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

Information for fiscal years prior to the current year is not available.

CITY OF KENNER, LOUISIANA
SCHEDULE 15 -- DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	(1) Population	Personal Income	(2) (4) Per Capita Personal Income	(3) Unemployment Rate
1997	74,002	\$ 1,857,006,188	\$ 25,094	3.8%
1998	74,180	1,947,299,180	26,251	3.3%
1999	74,220	2,011,362,000	27,100	2.9%
2000	75,054	2,033,963,400	27,100	3.9%
2001	70,517	1,911,010,700	27,100	4.6%
2002	70,517	1,916,652,060	27,180	4.6%
2003	70,517	2,088,219,921	29,613	4.9%
2004	70,517	2,227,279,445	32,156	4.1%
2005	70,252	2,142,896,756	32,156	5.4%
2006	69,911	2,248,058,116	32,156	7.4%

(1) Source: Louisiana Tech University for 1996-2000; U.S. Census Bureau 2000 Census for 2001-2004; U.S. Census Bureau 2004 Population Estimate for 2005; U.S. Census Bureau 2005 Population Estimate for 2006. Except for 2002-2005, the figures represent the City's population for the preceding calendar year. At the time of report issuance, the 2005 Population Estimate was the most current population information available.

(2) Source: Bureau of Economic Analysis, U.S. Department of Commerce. Figures apply to Jefferson Parish, in which the City of Kenner is an incorporated municipality.

(3) Source: Louisiana Department of Labor, Research and Statistical Division for calendar years. Figures apply to Jefferson Parish, in which the City of Kenner is an incorporated municipality.

(4) 2004 figure used for 2005 and 2006.

CITY OF KENNER, LOUISIANA
SCHEDULE 16 -- PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)

<u>Employer</u>	<u>June 30, 2006</u>			<u>June 30, 1997</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
**		1				
		2				
		3				
		4				
		5				
		6				
		7				
		8				
		9				
		10				
Total	<u>-</u>		<u>0.00%</u>	<u>-</u>		<u>0.00%</u>

** Information not available.

CITY OF KENNER, LOUISIANA
SCHEDULE 17 – FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
JUNE 30, 2006
(Unaudited)

<u>Function/Program</u>	<u>Full-time Equivalent Employees as of June 30</u> <u>2006</u>
General government	69
Public safety	344
Public works	101
Health and welfare	50
Culture and recreation	106
Transit and urban development	26
Miscellaneous	0
	<hr/>
Total	696
	<hr/> <hr/>

Source: City of Kenner payroll department.

CITY OF KENNER, LOUISIANA
SCHEDULE 18 -- OPERATING INDICATORS BY FUNCTION
JUNE 30, 2006
(Unaudited)

Function	Fiscal Year 2006
Police	
Physical arrests	**
Parking violations	**
Traffic violations	**
Fire	
Emergency responses	2,171
Fires extinguished	232
Refuse collection	
Refuse collected (tons per day)	**
Recyclables collected (tons per day)	**
Water	
New connections	**
Water main breaks	**
Average daily consumption (thousands of gallons)	**
Peak daily consumption (thousands of gallons)	**
Other public works	
Street resurfacing (miles)	**
Potholes repaired	**
Health and welfare	**
Culture and recreation	**
Wastewater	
Average daily sewage treatment (thousands of gallons)	**

** Information not available.

Source: City of Kenner finance department.

Note: Indicators are not available for the general government function.

CITY OF KENNER, LOUISIANA
SCHEDULE 19 -- CAPITAL ASSET STATISTICS BY FUNCTION
JUNE 30, 2006
(Unaudited)

Function	Fiscal Year 2006
Police	
Stations	1
Patrol units	**
Fire	
Stations	6
Pieces of equipment	21
Water	
Water mains (miles)	**
Fire hydrants	**
Storage capacity (thousands of gallons)	**
Other public works	
Streets (miles)	212
Highways (miles)	**
Bridges	16
Streetlights	6,987
Traffic signals	**
Health and welfare	**
Culture and recreation	
Parks	3
Playgrounds	11
Art Galleries and Museums	10
Gymnasiums	10
Wastewater	
Sanitary and storm sewers (miles)	905
Treatment plants	2
Low-lift stations	77
Treatment capacity	13.5 MGD

Source: City of Kenner finance department

Note: Indicators are not available for the general government function.

SINGLE AUDIT



DUPLANTIER, HRAPMANN,
HOGAN & MAHER, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

MICHAEL J. O'ROURKE, C.P.A.
WILLIAM G. STAMM, C.P.A.
CLIFFORD J. GIFFIN, JR., C.P.A.
DAVID A. BURGARD, C.P.A.
LINDSAY J. CALUB, C.P.A., L.L.C.
GUY L. DUPLANTIER, C.P.A.
MICHELLE H. CUNNINGHAM, C.P.A.
DENNIS W. DILLON, C.P.A.

ANN H. HEBERT, C.P.A.
ROBIN A. STROHMEYER, C.P.A.

KENNETH J. BROOKS, C.P.A., ASSOCIATE

1340 Poydras St., Suite 2000 • New Orleans, LA 70112

(504) 586-8866

FAX (504) 525-5888

cpa@dhmcpa.com

A.J. DUPLANTIER, JR., C.P.A.
(1919-1985)
FELIX J. HRAPMANN, JR., C.P.A.
(1919-1990)
WILLIAM R. HOGAN, JR., C.P.A.
(1920-1996)
JAMES MAHER, JR., C.P.A.
(1921-1999)

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LA. C.P.A.s

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and Members of the Council
City of Kenner, Louisiana

December 29, 2006

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Kenner, Louisiana as of and for the year ended June 30, 2006, which collectively comprise the City of Kenner, Louisiana's basic financial statements and have issued our report thereon dated December 29, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Kenner, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted a matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect City of Kenner, Louisiana's ability to initiate, record, process and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 2006-02.

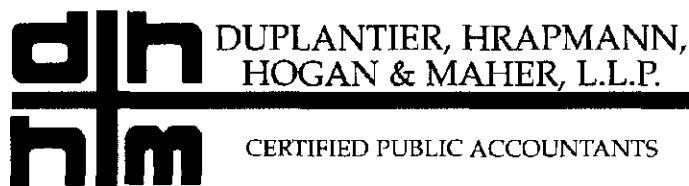
A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness. We noted a matter involving the internal control over financial reporting that we have reported to management of the City of Kenner, Louisiana in a separate letter dated December 29, 2006.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Kenner's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and questioned costs as item 2006-01. We also noted certain additional matters that we have reported to management of the City of Kenner, Louisiana in a separate letter dated December 29, 2006.

This report is intended solely for the information of management, the City Council, the Legislative Auditor of the State of Louisiana, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Duplantier, Hapmann, Hogan & Maher LLP



MICHAEL J. O'ROURKE, C.P.A.
WILLIAM G. STAMM, C.P.A.
CLIFFORD J. GIFFIN, JR., C.P.A.
DAVID A. BURGARD, C.P.A.
LINDSAY J. CALUB, C.P.A., L.L.C.
GUY L. DUPLANTIER, C.P.A.
MICHELLE H. CUNNINGHAM, C.P.A.
DENNIS W. DILLON, C.P.A.

ANN H. HEBERT, C.P.A.
ROBIN A. STROHMEYER, C.P.A.

KENNETH J. BROOKS, C.P.A., ASSOCIATE

1340 Poydras St., Suite 2000 • New Orleans, LA 70112
(504) 586-8866

FAX (504) 525-5888
cpa@dhhmcpa.com

A.J. DUPLANTIER, JR., C.P.A.
(1919-1985)
FELIX J. HRAPMANN, JR., C.P.A.
(1919-1990)
WILLIAM R. HOGAN, JR., C.P.A.
(1920-1996)
JAMES MAHER, JR., C.P.A.
(1921-1999)

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LA. C.P.A.s

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

Honorable Mayor and Members of the Council
City of Kenner, Louisiana

December 29, 2006

Compliance

We have audited the compliance of the City of Kenner, Louisiana with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2006. The City of Kenner's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Kenner's management. Our responsibility is to express an opinion on the City of Kenner's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Kenner's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Kenner's compliance with those requirements.

In our opinion, the City of Kenner, Louisiana complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

Internal Control Over Compliance

The management of the City of Kenner, Louisiana is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Kenner's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, the City Council, the Legislative Auditor of the State of Louisiana, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Duplantier, Hapmann, Hogan & Mader LLP

**CITY OF KENNER, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2006**

<u>FEDERAL GRANTOR / PASS-THROUGH GRANTOR / PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>GRANT NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Direct Programs:			
Community Development Block Grant	14.218	B-03-MC-22-008	\$ 224,003
Community Development Block Grant	14.218	B-04-MC-22-008	524,632
			<u>748,635</u>
Passed through Jefferson Parish:			
Home Investment Partnership Program (HOME)	14.239	M98-DC-22-0207	2,407
Home Investment Partnership Program (HOME)	14.239	M99-DC-22-0207	1,500
Home Investment Partnership Program (HOME)	14.239	M02-DC-22-0207	-
Home Investment Partnership Program (HOME)	14.239	M03-DC-22-0207	18,389
			<u>22,296</u>
Passed through Louisiana Department of Social Services:			
Emergency Shelter Grants Program	14.231	598120	4,282
			<u>4,282</u>
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u><u>\$ 775,213</u></u>
DEPARTMENT OF JUSTICE			
Direct Programs:			
Organized Crime Drug Enforcement Task Force (OCDETF)	Unknown	Unknown	\$ 1,820
High Intensity Drug Traffic Area Grant	Unknown	Unknown	40,210
			<u>42,030</u>
Passed Through Louisiana Commission Law Enforcement:			
Municipal Narcotics Task Force Grant	16.579	-	36,539
Municipal Narcotics Task Force Grant	16.579	-	13,000
Law Enforcement Response to Domestic Violence	16.579	B04-7-005	13,155
Integrated Criminal Apprehension Program	16.579	B04-7-004	6,038
			<u>68,732</u>
Passed through Office of Justice Programs:			
Bulletproof Vest Partnership Grant Program	16.607	-	830
Local Law Enforcement Block Grant	16.592	03-LB-BX-0856	4,942
Local Law Enforcement Block Grant	16.592	04-LB-BX-0968	27,684
Local Law Enforcement Block Grant	16.592	05-DJ-BX-0510	16,835
			<u>50,291</u>
TOTAL DEPARTMENT OF JUSTICE			<u><u>\$ 161,053</u></u>

(Continued)

CITY OF KENNER, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2006

<u>FEDERAL GRANTOR / PASS-THROUGH GRANTOR / PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>GRANT NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
FEDERAL EMERGENCY MANAGEMENT AGENCY			
Passed through Louisiana Office of Emergency Preparedness:			
Disaster # 1603 Relief (Hurricane Katrina) *	83.544	1603-DR-LA	31,974,113
Disaster # 1548 Relief (Hurricane Ivan)	83.544	1437-DR-LA	248
TOTAL FEDERAL EMERGENCY MANAGEMENT AGENCY			<u><u>\$ 31,974,361</u></u>
ENVIRONMENTAL PROTECTION AGENCY			
Direct Programs:			
Wastewater Operations Consolidation	66.606	XP-98617701-0	<u>\$ 2,140,638</u>
TOTAL ENVIRONMENTAL PROTECTION AGENCY			<u><u>\$ 2,140,638</u></u>
DEPARTMENT OF TRANSPORTATION			
Passed Through Louisiana Highway Safety Commission:			
Police Patrols Over Safe Streets Everywhere (POSSE)	20.600	PT 06-12-00	<u>\$ 52,734</u>
TOTAL DEPARTMENT OF TRANSPORTATION			<u><u>\$ 52,734</u></u>
TOTAL FEDERAL ASSISTANCE			<u><u>\$ 35,103,999</u></u>

* This program is considered a "major" program under OMB Circular A-133.

CITY OF KENNER, LOUISIANA
NOTES TO SCHEDULE OF FEDERAL AWARD EXPENDITURES
JUNE 30, 2006

NOTE A - SCOPE OF AUDIT PURSUANT TO GOVERNMENT AUDITING STANDARDS, OMB CIRCULAR A-133, "AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS" AND THE SINGLE AUDIT ACT OF 1984 AND 1996 AMENDMENTS

All federal grant operations of the City of Kenner, Louisiana, are included in the scope of the single audit. Those programs which were major grants and which were selected for specific testing included:

1. **Federal Emergency Management Agency**
Disaster # 1603 Relief (Hurricane Katrina)

NOTE B - FISCAL PERIOD AUDITED

Single audit testing procedures were performed for program transactions occurring during the year ended June 30, 2006.

NOTE C - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. **Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards has been prepared on the accrual basis of accounting. Grant revenues are recorded for financial reporting purposes when the City has met the qualifications for the respective grants. Several programs are funded jointly by State of Louisiana appropriations and federal funds. Costs incurred in programs partially funded by federal grants are applied against federal grant funds to the extent of revenue available when they properly apply to the grant.

2. **Accrued and Deferred Reimbursement**

Various reimbursement procedures are used for federal awards received by the City. Consequently, timing differences between expenditures and program reimbursements can exist at the beginning and end of the year. Accrued balances at year end represent an excess of reimbursable expenditures over cash reimbursements received. Generally, accrued balances caused by differences in the timing of cash reimbursements and expenditures will be reversed in the remaining grant period.

**CITY OF KENNER, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2006**

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the City of Kenner, Louisiana.
2. Reportable conditions relating to the audit of the financial statements are reported in the *Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*. The reportable conditions are not considered to be material weaknesses.
3. An instance of noncompliance material to the financial statements of City of Kenner, Louisiana, which would be required to be reported in accordance with *Government Auditing Standards*, was disclosed during the audit.
4. No reportable conditions relating to the audit of internal control over major federal award programs are reported in the *Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133*.
5. The auditor's report on compliance for the major federal award programs for the City of Kenner, Louisiana expresses an unqualified opinion on all major federal programs.
6. The audit disclosed no findings which are required to be reported by OMB Circular A-133.
7. The programs tested as major programs include:

	<u>CFDA Number/Grant Number</u>
Disaster # 1603 Relief (Hurricane Katrina)	83.544
8. The threshold for distinguishing Types A and B programs was \$1,053,210.
9. City of Kenner, Louisiana qualified as a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

2006-01 Laws and Regulations

The Legislative Auditor performed an investigative examination and issued a report dated April 7, 2004. This report is available on the Legislative Auditor's website at www.la.state.la.us. The agency ID number is 2181 and the report ID number is 04300914. Issues related to asset management laws were addressed in the report. Management provided responses to the issues which were included in the report. It was stated that the report was being delivered to the Louisiana Board of Ethics and other authorities as required by state law. Additionally, it was indicated that the Legislative Auditor would continue to monitor the findings until resolved.

The administration implemented many of the recommendations and is still in the process of addressing any remaining issues. Management has not been contacted and is not aware of any follow-up actions by any agencies or authorities. Management has indicated they will continually strive to address compliance with all applicable laws and regulations.

We recommend that management continue the process of addressing all issues in the Legislative Auditor's report and adhere to the applicable laws and regulations.

As previously mentioned, management will continue to address any remaining issues and continually strive to adhere to all applicable laws and regulations.

**CITY OF KENNER, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2006**

B. FINDINGS - FINANCIAL STATEMENTS AUDIT (CONTINUED)

2006-02 Policies and Procedures

The Legislative Auditor performed an investigative examination and issued a report dated April 7, 2004. This report is available on the Legislative Auditor's website at www.lia.state.la.us. The agency ID number is 2181 and the report ID number is 04300914.

Areas related to controls over purchasing and disbursements, internal auditing, financial management and written policies and procedures were addressed in the report. Management provided responses to the areas which were included in the report.

The administration has implemented many of the recommendations and is still in the process of evaluating existing operations. Management indicated that they are continually evaluating their policies and procedures to maintain and improve efficiencies.

We recommend that management continue the process of evaluating their policies and procedures to maintain and improve efficiencies.

As previously mentioned, management will continue to address any remaining issues and continually strive to adhere to all applicable laws and regulations.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

No findings noted.

**CITY OF KENNER, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2006**

A. FINDINGS RELATED TO FINANCIAL STATEMENT AUDIT

2005-01 Laws and Regulations

The Legislative Auditor has performed an investigative examination and issued a report dated April 7, 2004. This report is available on the Legislative Auditor's website at www.la.state.la.us. The agency ID number is 2181 and the report ID number is 04300914. Issues related to asset management laws were addressed in the report. Management provided responses to the issues which were included in the report. It was stated that the report was being delivered to the Louisiana Board of Ethics and other authorities as required by state law. Additionally, it was indicated that the Legislative Auditor would continue to monitor the findings until resolved.

The current administration has implemented many of the recommendation and is still in the process of addressing any remaining issues. Management has not been contacted and is not aware of any follow up actions by any agencies or authorities. Management has indicated they will continually strive to address compliance with all applicable laws and regulations.

Current Status – For the year ended June 30, 2006, there was a similar comment. See 2006-01.

2005-02 Policies and Procedures

The Legislative Auditor has performed an investigative examination and issued a report dated April 7, 2004. This report is available on the Legislative Auditor's website at www.la.state.la.us. The agency ID number is 2181 and the report ID number is 04300914.

Areas related to controls over purchasing and disbursements, internal auditing, financial management and written policies and procedures were addressed in the report. Management provided responses to the areas which were included in the report.

The current administration has implemented many of the recommendations and is still in the process of evaluating existing operations. Management has indicated that they are continually evaluating their policies and procedures to maintain and improve efficiencies.

Current Status – For the year ended June 30, 2006, there was a similar comment. See 2006-02.

B. FINDINGS RELATED TO FEDERAL AWARD PROGRAMS

None.



DUPLANTIER, HRAPMANN,
HOGAN & MAHER, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

MICHAEL J. O'ROURKE, C.P.A.
WILLIAM G. STAMM, C.P.A.
CLIFFORD J. GIFFIN, JR., C.P.A.
DAVID A. BURGARD, C.P.A.
LINDSAY J. CALUB, C.P.A., L.L.C.
GUY L. DUPLANTIER, C.P.A.
MICHELLE H. CUNNINGHAM, C.P.A.
DENNIS W. DILLON, C.P.A.

ANN H. HEBERT, C.P.A.
ROBIN A. STROHMEYER, C.P.A.

KENNETH J. BROOKS, C.P.A., ASSOCIATE

1340 Poydras St., Suite 2000 • New Orleans, LA 70112

(504) 586-8866

FAX (504) 525-5888

cpa@dhhmcpa.com

A.J. DUPLANTIER, JR., C.P.A.
(1919-1985)
FELIX J. HRAPMANN, JR., C.P.A.
(1919-1990)
WILLIAM R. HOGAN, JR., C.P.A.
(1920-1996)
JAMES MAHER, JR., C.P.A.
(1921-1999)

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LA. C.P.A.s

December 29, 2006

Honorable Mayor and Members of the Council
City of Kenner, Louisiana

In planning and performing our audit of the financial statements of the City of Kenner for the year ended June 30, 2006, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control. However, we noted certain matters involving the internal control and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgment, could adversely affect City of Kenner's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that errors or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, the following reportable conditions are not believed to be material weaknesses:

LAWS AND REGULATIONS: (2006-01)

The Legislative Auditor performed an investigative examination and issued a report dated April 7, 2004. This report is available on the Legislative Auditor's website at www.la.state.la.us. The agency ID number is 2181 and the report ID number is 04300914. Issues related to asset management laws were addressed in the report. Management provided responses to the issues which were included in the report. It was stated that the report was being delivered to the Louisiana Board of Ethics and other authorities as required by state law. Additionally, it was indicated that the Legislative Auditor would continue to monitor the findings until resolved.

The administration implemented many of the recommendations and is still in the process of addressing any remaining issues. Management has not been contacted and is not aware of any follow up actions by any agencies or authorities. Management indicated they will continually strive to address compliance with all applicable laws and regulations.

We recommend that management continue the process of addressing all issues in the Legislative Auditor's report and adhere to all applicable laws and regulations.

As previously mentioned, management will continue to address any remaining issues and continually strive to adhere to all applicable laws and regulations.

POLICIES AND PROCEDURES: (2006-02)

The Legislative Auditor performed an investigative examination and issued a report dated April 7, 2004. This report is available on the Legislative Auditor's website at www.lia.state.la.us. The agency number is 2181 and the report ID number is 04300914.

Areas related to controls over purchasing and disbursements, internal auditing, financial management and written policies and procedures were addressed in the report. Management provided responses to the areas which were included in the report.

The administration implemented many of the recommendations and is still in the process of evaluating existing operations. Management indicated that they are continually evaluating their policies and procedures to maintain and improve upon efficiencies.

We recommend that management continue their process of evaluating their policies and procedures to maintain and improve upon efficiencies.

As previously mentioned, management is still in the process of evaluating operations. As part of this process, management is developing policies and procedures to maintain and improve upon efficiencies.

We noted the following instances of immaterial noncompliance:

USE OF PUBLIC FUNDS: (2006-03)

During the year, the City of Kenner held an annual volunteer coaches party. The private use of public funds is prohibited.

The past administration believed that the Kenner Volunteer Coaches Crawfish Boil served many important purposes that are instrumental to successful citywide youth recreational involvement. First, it serves as a (successful) recruiting tool – these coaches serve on a purely volunteer basis and devote a considerable amount of their personal time. The Crawfish Boil is a perfect opportunity for coaches, present and past, to welcome those interested and, secondly, this naturally leads to discourse about what the Recreation Department does and how it benefits the children of Kenner. It facilitates open discussion about the previous season – the pros/cons of the program and ideas about how to improve things to better serve the children involved for the next year. At the event, the administration and volunteers air out opinions/differences (if any) and set goals for the future. The event serves as a mini "think-tank" where new ideas and improvements can be fully realized.

During the year, the City of Kenner held an annual employee meeting. The private use of public funds is prohibited.

The past administration believed that the annual employee meeting served many important purposes. The meeting is an opportunity for the Mayor to discuss issues regarding City workers. For example, the Mayor had the director of Human Resources update the employees on insurance. Additionally, this meeting allows the Mayor to directly communicate with all employees and update them on the state of the City. The past administration believed that the use of public funds may be utilized to enlighten personnel with regard to City matters. As such, the past administration believed the employee business meeting does serve a public purpose.

We recommend that management review all activities and determine that payments are not prohibited. Additionally, the city should implement accounting procedures and controls to ensure that activities that are paid for serve a public purpose.

The current administration will review all activities and determine that the City only pays for activities that serve a public purpose. The annual volunteer coaches' party has not come up during the current administration's term. Before this event is held, management will evaluate the activities to ensure that no funds are expended that do not serve a public purpose. The current administration has discontinued the annual employee meeting. This meeting was generally held in the month of December and was not held during December 2006.

CAPITAL ASSETS: (2006-04)

Louisiana Revised Statute 24:515(B) requires every public entity to maintain records of all capital assets purchased or otherwise acquired for which the entity is accountable, and states that the records shall include information as to the acquisition date, cost, disposition, purpose of disposition and recipients of disposed assets.

The City took a physical inventory of all capital assets for the year ended June 30, 2003. The amounts from the inventory were not properly reconciled to the general ledger. Adjustments were made during the current year to reconcile the beginning balances to the physical inventory. Also during the current year, the property records were not updated and reconciled on a timely basis. The infrastructure that has been identified should be maintained on the City's capital asset system.

We recommend that procedures are implemented to maintain the inventory of capital assets on an on-going basis and on their capital asset system. Additionally, all amounts should be reconciled with the general ledger on a timely basis.

Management will implement procedures where capital assets are maintained on their capital asset system on an on-going basis and all amounts are reconciled timely to the general ledger.

CONTRACTS ISSUED FOR HURRICANE KATRINA: (2006-05)

During the year ended June 30, 2006, the City entered into several no-bid contracts related to work associated with Hurricane Katrina. The City indicated they issued these contracts because of the emergency of Hurricane Katrina. An emergency means an unforeseen mischance bringing with it destruction or injury of life or property or the imminent threat or destruction or injury as the result of an order from any judicial body to take immediate action which requires construction or repairs absent compliance with the formalities of the public bid law. An emergency did exist and was declared for Hurricane Katrina; so specific rules of the public bid law would not apply.

The actual procedures in which the City issued contracts, however, have been under scrutiny. For instance, the City amended an existing contract instead of entering into a new contract. The City had a street maintenance contract in place with an existing contractor. This contract was amended for debris removal components that were not in the original contract. The public bid law does not provide the ability to change the scope of the contract in the manner that it was done.

Although there are still questions of whether or not the City followed all rules and regulations, determinations were made by several authorities to still reimburse the City for Hurricane Katrina expenditures. Because of the unusual event and the confusion of many agencies, additional criteria was used for Federal Emergency Management Agency (FEMA) reimbursement purposes. The Legislative Auditor recommended reimbursement based on reasonable rates and not contract rates.

The current administration is aware that improvements were needed in addressing emergency situations. The current administration has already put in place procedures and had publicly bid for contracts for the hurricane season that has recently passed. Management is aware that investigations and litigation may be on-going. Management has not been specifically contacted and is not aware of any required follow-up actions. We recommend that management continue the process of addressing all issues regarding the issuance of contracts in emergency situations.

Management has indicated they will continue to address any remaining issues and continually strive to adhere to all applicable laws and regulations in the best interest of the City.

PROPERTY TAX SALES: (2006-06)

The City conducted its property tax sale for 2002 taxes based on a first in line method. The tax sale took place and the past Mayor's father was allowed to purchase a majority of properties since he was first in line. The sale was later nullified because of an Ethics Board violation. The properties were adjudicated to the City. The past administration indicated that this procedure for tax sales was the same procedure followed for years. The reason that the method became an issue was that for the year in question, the past Mayor's father was the first in line.

We recommend that policies and procedures are reviewed for property tax sales to ensure compliance with all laws and regulations.

The current administration has implemented new policies and procedures for property tax sales. The first property tax sale under the current administration was held in December 2006 under new procedures that were conducted on an auction basis under state law.

The following is a matter that is an opportunity for strengthening internal controls and operating efficiency:

TRAVEL – CREDIT CARD PAYMENT POLICIES: (2006-07)

The elected officials and the CAO have City of Kenner credit cards for use in official City business. Each official reviews and approves the charges appearing on the credit card statement. After the official's approve their statements, all credit card statements along with supporting documentation are submitted to the administration for approval before being submitted to the finance department for payment. In some instances receipts were not submitted, however, the business purpose of the charge was documented and authorized.

We recommend that every City official using a City issued credit card should continue to submit all supporting documentation for all credit card charges. This supporting documentation should also include the underlying business purpose.

The past administration had implemented credit card policies where all credit card charges are supported by the appropriate documentation along with a proper description indicating the underlying business purpose.

The current administration is planning to discontinue the use of credit cards by elected officials and the CAO. The new policy will require that all supporting documentation be submitted to the administration for approval and reimbursement for amounts expended for City business.

STATUS OF PRIOR YEAR COMMENTS:

LAWS AND REGULATIONS: (2005-01)

The Legislative Auditor has performed an investigative examination and issued a report dated April 7, 2004. This report is available on the Legislative Auditor's website at www.la.state.la.us. The agency ID number is 2181 and the report ID number is 04300914. Issues related to asset management laws were addressed in the report. Management provided responses to the issues which were included in the report. It was stated that the report was being delivered to the Louisiana Board of Ethics and other authorities as required by state law. Additionally, it was indicated that the Legislative Auditor would continue to monitor the findings until resolved.

The current administration has implemented many of the recommendations and is still in the process of addressing any remaining issues. Management has not been contacted and is not aware of any follow up actions by any agencies or authorities. Management has indicated they will continually strive to address compliance with all applicable laws and regulations.

For the year ended June 30, 2006, there was a similar comment. See 2006-1.

POLICIES AND PROCEDURES: (2005-02)

The Legislative Auditor has performed an investigative examination and issued a report dated April 7, 2004. This report is available on the Legislative Auditor's website at www.la.state.la.us. The agency number is 2181 and the report ID number is 04300914.

Areas related to controls over purchasing and disbursements, internal auditing, financial management and written policies and procedures were addressed in the report. Management provided responses to the areas which were included in the report.

The current administration has implemented many of the recommendations and is still in the process of evaluating existing operations. Management has indicated that they are continually evaluating their policies and procedures to maintain and improve upon efficiencies.

For the year ended June 30, 2006, there was a similar comment. See 2006-2.

USE OF PUBLIC FUNDS: (2005-03)

During the year, the City of Kenner held an annual volunteer coaches party. The private use of public funds is prohibited.

Management believes that the Kenner Volunteer Coaches Crawfish Boil serves many important purposes that are instrumental to successful citywide youth recreational involvement. First, it serves as a (successful) recruiting tool – these coaches serve on a purely volunteer basis and devote a considerable amount of their personal time. The Crawfish Boil is a perfect opportunity for coaches, present and past, to welcome those interested and, secondly, this naturally leads to discourse about what the Recreation Department does and how it benefits the children of Kenner. It facilitates open discussion about the season – the pros/cons of the program and ideas about how to improve things to better serve the children involved for the next year. At the event, the administration and volunteers air out opinions/differences (if any) and set goals for the future. The event serves as a mini “think-tank” where new ideas and improvements can be fully realized.

During the year, the City of Kenner held an annual employee meeting. The private use of public funds is prohibited.

Management believes that the annual employee meeting serves many important purposes. The meeting is an opportunity for the Mayor to discuss issues regarding City workers. For example, the Mayor had the director of Human Resources update the employees on insurance. Additionally, this meeting allows the Mayor to directly communicate with all employees and update them on the state of the City. Management believes that the use of public funds may be utilized to enlighten personnel with regard to City matters. As such, management believes the employee business meeting does serve a public purpose.

For the year ended June 30, 2006, there were similar comments. See 2006-3.

TRAVEL – CREDIT CARD PAYMENT POLICIES: (2005-04)

The elected officials and the CAO have City of Kenner credit cards for use in official City business. Each official reviews and approves the charges appearing on the credit card statement. After the official's approve their statements, all credit card statements along with supporting documentation are submitted to the administration for approval before being submitted to the finance department for payment. In some instances receipts were not submitted, however, the business purpose of the charge was documented and authorized.

For the year ended June 30, 2006, there was a similar comment. See 2006-7.

CAPITAL ASSETS: (2005-05)

Louisiana Revised Statute 24:515(B) requires every public entity to maintain records of all capital assets purchased or otherwise acquired for which the entity is accountable, and states that the records shall include information as to the acquisition date, cost, disposition, purpose of disposition and recipients of disposed assets.

The City took a physical inventory of all capital assets for the year ended June 30, 2003. The amounts from the inventory were not properly reconciled to the general ledger. Adjustments were made during the current year to reconcile the beginning balances to the physical inventory. Also during the current year, the property records were not updated and reconciled on a timely basis. The infrastructure that has been identified should be maintained on the City's capital asset system.

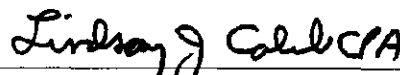
For the year ended June 30, 2006, there was a similar comment. See 2006-4.

In summary, some of the prior comments were addressed by the past administration. The past administration was in the process of addressing the remaining issues; however, this process was interrupted by Hurricane Katrina. The new administration has begun addressing the remaining issues. Additionally, the new administration plans on thoroughly reviewing all policies and procedures to maintain and improve efficiencies. The goal of the new administration is to implement a monitoring system that will strengthen the operational system and allow the administration to address issues on a continual basis.

This report is intended for the information and use of the City, its management, the State of Louisiana and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

DUPLANTIER, HRAPMANN, HOGAN, & MAHER, L.L.P.



Lindsay J. Calub, CPA
Partner